



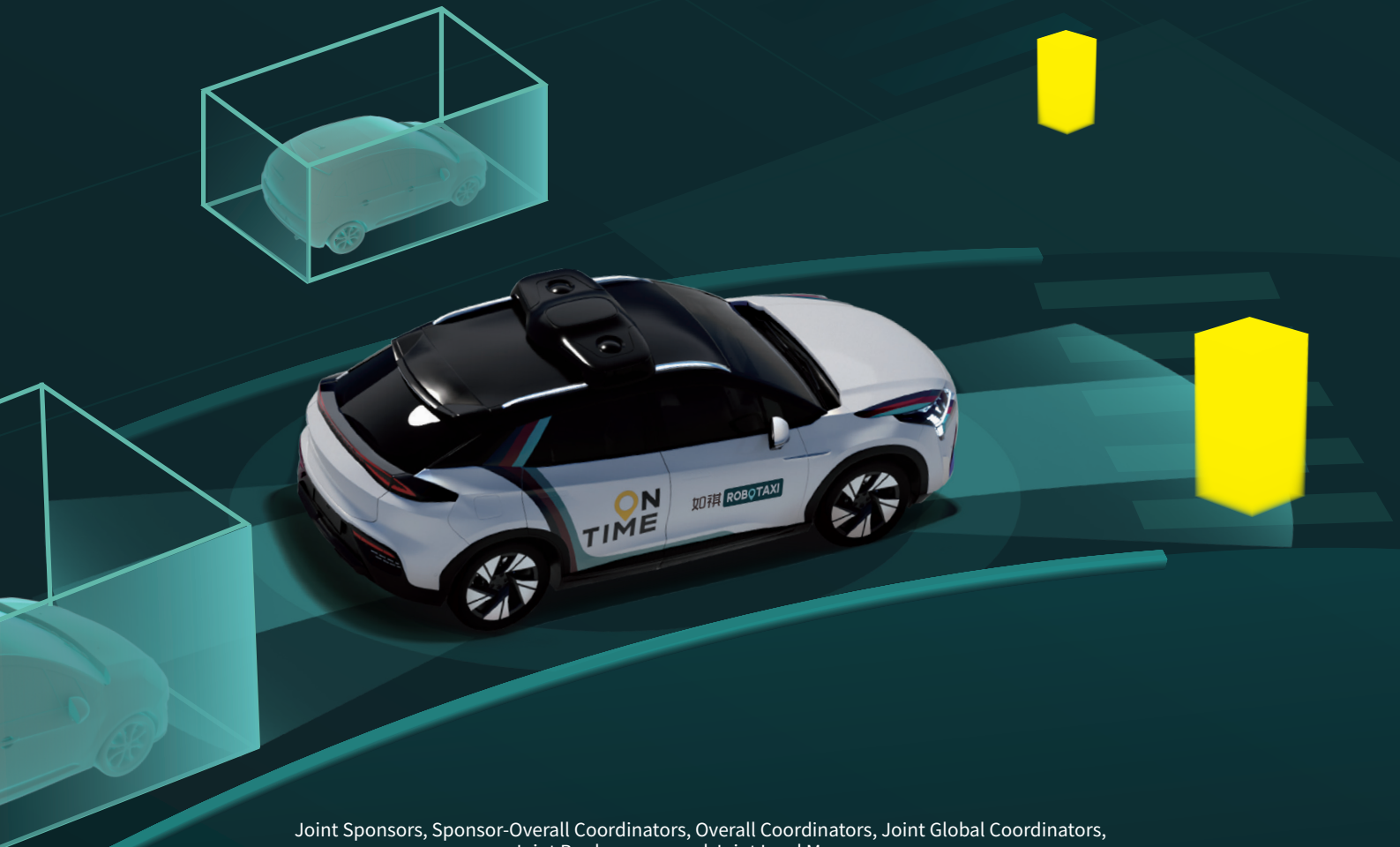
如祺出行
O N T I M E

Chenqi Technology Limited

(Incorporated in the Cayman Islands with limited liability)

Stock Code : 9680

GLOBAL OFFERING



Joint Sponsors, Sponsor-Overall Coordinators, Overall Coordinators, Joint Global Coordinators,
Joint Bookrunners and Joint Lead Managers
(In no particular order)



Joint Bookrunners



IMPORTANT

If you are in any doubt about any of the contents of this Prospectus, you should obtain independent professional advice.



如祺出行
O N T I M E

Chenqi Technology Limited 如祺出行*

(Incorporated in the Cayman Islands with limited liability)

GLOBAL OFFERING

Number of Offer Shares under the Global Offering	: 30,004,800 Shares
Number of Hong Kong Offer Shares	: 3,000,500 Shares (subject to reallocation)
Number of International Offer Shares	: 27,004,300 Shares (subject to reallocation)
Maximum Offer Price	: HK\$45.40 per Offer Share plus brokerage of 1.0%, SFC transaction levy of 0.0027%, AFRC transaction levy of 0.00015% and the Stock Exchange trading fee of 0.00565% (payable in full on application, subject to refund)
Nominal value	: US\$0.0005 per Share
Stock code	: 9680

*Joint Sponsors, Sponsor-Overall Coordinators, Overall Coordinators, Joint Global Coordinators, Joint Bookrunners and Joint Lead Managers
(in no particular order)*



Joint Bookrunners



Hong Kong Exchanges and Clearing Limited, The Stock Exchange of Hong Kong Limited and Hong Kong Securities Clearing Company Limited take no responsibility for the contents of this Prospectus, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this Prospectus.

A copy of this Prospectus, having attached thereto the documents specified in "Documents Delivered to the Registrar of Companies and Available on Display and for Inspection" in Appendix V to this Prospectus, 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 and the Registrar of Companies in Hong Kong take no responsibility as to the contents of this Prospectus or any other document referred to above.

The Offer Price is expected to be fixed by agreement between the Overall Coordinators (for themselves and on behalf of the Underwriters) and us on the Price Determination Date. The Price Determination Date is expected to be on or around Monday, July 8, 2024 (Hong Kong time). The Offer Price will be not more than HK\$45.40 and is currently expected to be not less than HK\$34.00 per Offer Share. If, for any reason, the Offer Price is not agreed by 12:00 noon on Monday, July 8, 2024 (Hong Kong time) between the Overall Coordinators (for themselves and on behalf of the Hong Kong Underwriters) and us, the Global Offering will not proceed and will lapse.

Applicants for Hong Kong Offer Shares may be required to pay, on application (subject to the application channels), the maximum Offer Price of HK\$45.40 for each Hong Kong Offer Share together with brokerage of 1.0%, SFC transaction levy of 0.0027%, AFRC transaction levy of 0.00015% and the Stock Exchange trading fee of 0.00565%, subject to refund if the Offer Price as finally determined is less than HK\$45.40.

Prior to making an investment decision, prospective investors should consider carefully all of the information set out in this Prospectus, including the risk factors set out in "Risk Factors" in this Prospectus. The obligations of the Hong Kong Underwriters under the Hong Kong Underwriting Agreement are subject to termination by the Overall Coordinators (for themselves and on behalf of the Hong Kong Underwriters) if certain grounds arise prior to 8:00 a.m. on the Listing Date. See "Underwriting – Underwriting Arrangements and Expenses – Hong Kong Public Offering – Grounds for Termination" of this Prospectus.

The Offer Shares 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, registration under the U.S. Securities Act. The Offer Shares are being offered and sold only outside the United States in offshore transactions in reliance on Regulation S under the U.S. Securities Act.

ATTENTION

We have adopted a fully electronic application process for the Hong Kong Public Offering. We will not provide printed copies of this Prospectus to the public in relation to the Hong Kong Public Offering.

This Prospectus is available at the website of the Stock Exchange at www.hkexnews.hk and our website at <https://www.ruqimobility.com>. If you require a printed copy of this Prospectus, you may download and print from the website addresses above.

* For identification purpose only

IMPORTANT

IMPORTANT NOTICE TO INVESTORS: FULLY ELECTRONIC APPLICATION PROCESS

We have adopted a fully electronic application process for the Hong Kong Public Offering. The Company will not provide any printed copies of this Prospectus to the public.

This Prospectus is available at the website of the Stock Exchange at www.hkexnews.hk under the “*HKEXnews > New Listings > New Listing Information*” section, and our website at <https://www.ruqimobility.com>. If you require a printed copy of this Prospectus, you may download and print from the website addresses above.

To apply for the Hong Kong Offer Shares, you may:

- (1) apply online via the **HK eIPO White Form** service in the **IPO App** (which can be downloaded by searching “**IPO App**” in App Store or Google Play or downloaded at www.hkeipo.hk/IPOApp or www.tricorglobal.com/IPOApp) or at www.hkeipo.hk; or
- (2) apply electronically through the **HKSCC EIPO** channel by instructing your **broker** or **custodian** who is a HKSCC Participant to submit **electronic application instructions** via FINI to apply for the Hong Kong Offer Shares on your behalf.

We will not provide any physical channels to accept any application for the Hong Kong Offer Shares by the public. The contents of the electronic version of this Prospectus are identical to the printed Prospectus as registered with the Registrar of Companies in Hong Kong pursuant to Section 342C of the Companies (Winding Up and Miscellaneous Provisions) Ordinance.

If you are an intermediary, broker or agent, please remind your customers, clients or principals, as applicable, that this Prospectus is available online at the website addresses above.

Please refer to the section headed “How to Apply for Hong Kong Offer Shares” in this Prospectus for further details of the procedures through which you can apply for the Hong Kong Offer Shares electronically.

IMPORTANT

Your application through the **HK eIPO White Form** service or the **HKSCC EIPO** channel must be for a minimum of 100 Hong Kong Offer Shares and in one of the numbers set out in the table. If you are applying through the **HK eIPO White Form** service, you may refer to the table below for the amount payable for the number of Shares you have selected. You must pay the respective maximum amount payable on application in full upon application for Hong Kong Offer Shares. If you are applying through the **HKSCC EIPO** channel, you are required to prefund your application based on the amount specified by your broker or custodian, as determined based on the applicable laws and regulations in Hong Kong.

No. of Hong Kong Offer Shares applied for	Maximum Amount payable ⁽²⁾ on application/successful allotment HK\$	No. of Hong Kong Offer Shares applied for	Maximum Amount payable ⁽²⁾ on application/successful allotment HK\$	No. of Hong Kong Offer Shares applied for	Maximum Amount payable ⁽²⁾ on application/successful allotment HK\$	No. of Hong Kong Offer Shares applied for	Maximum Amount payable ⁽²⁾ on application/successful allotment HK\$
100	4,585.79	2,000	91,715.72	10,000	458,578.59	300,000	13,757,357.70
200	9,171.57	2,500	114,644.64	20,000	917,157.18	400,000	18,343,143.60
300	13,757.36	3,000	137,573.58	30,000	1,375,735.76	500,000	22,928,929.50
400	18,343.15	3,500	160,502.51	40,000	1,834,314.35	600,000	27,514,715.40
500	22,928.92	4,000	183,431.43	50,000	2,292,892.96	700,000	32,100,501.30
600	27,514.72	4,500	206,360.37	60,000	2,751,471.55	800,000	36,686,287.20
700	32,100.51	5,000	229,289.30	70,000	3,210,050.14	900,000	41,272,073.10
800	36,686.28	6,000	275,147.15	80,000	3,668,628.72	1,000,000	45,857,859.00
900	41,272.07	7,000	321,005.02	90,000	4,127,207.31	1,500,200 ⁽¹⁾	68,795,960.07
1,000	45,857.87	8,000	366,862.87	100,000	4,585,785.90		
1,500	68,786.79	9,000	412,720.73	200,000	9,171,571.80		

Notes:

- (1) Maximum number of Hong Kong Offer Shares you may apply for and this is approximately 50% of the Hong Kong Offer Shares initially offered.
- (2) The amount payable is inclusive of brokerage, SFC transaction levy, the Stock Exchange trading fee and AFRC transaction levy. If your application is successful, brokerage will be paid to the Exchange Participants (as defined in the Listing Rules) or to the **HK eIPO White Form** Service Provider (for applications made through the application channel of the **HK eIPO White Form** Service Provider) while the SFC transaction levy, the Stock Exchange trading fee and AFRC transaction levy will be paid to the SFC, the Stock Exchange and the AFRC, respectively.

No application for any other number of the Hong Kong Offer Shares will be considered and any such application is liable to be rejected.

EXPECTED TIMETABLE⁽¹⁾

If there is any change in the following expected timetable of the Hong Kong Public Offering, we will issue an announcement in Hong Kong to be published on the websites of the Stock Exchange at www.hkexnews.hk and the Company at <https://www.ruqimobility.com>.

Hong Kong Public Offering commences9:00 a.m. on
Friday, 28 June, 2024

Latest time for completing electronic applications under the
HK eIPO White Form service through one of the below ways⁽²⁾:

- the **IPO App**, which can be downloaded by searching
“**IPO App**” in App Store or Google Play or
downloaded at www.hkeipo.hk/IPOApp or
www.tricorglobal.com/IPOApp
- the designated website at www.hkeipo.hk11:30 a.m. on Friday,
July 5, 2024

Application lists open⁽³⁾11:45 a.m. on Friday,
July 5, 2024

Latest time for (a) completing payment of **HK eIPO White Form**
applications by effecting internet banking transfer(s) or PPS
payment transfer(s) and (b) giving **electronic application**
instructions to HKSCC⁽⁴⁾12:00 noon on Friday,
July 5, 2024

If you are instructing your **broker** or **custodian** who is a HKSCC Participant to give
electronic application instructions via FINI to apply for the Hong Kong Offer Shares on your
behalf, you are advised to contact your **broker** or **custodian** for the latest time for giving such
instructions which may be different from the latest time as stated above.

Application lists close⁽³⁾12:00 noon on Friday,
July 5, 2024

Expected Price Determination Date⁽⁵⁾Monday,
July 8, 2024

EXPECTED TIMETABLE⁽¹⁾

Announcement of the Offer Price, the level of indications of interest in the International Offering, the level of applications in the Hong Kong Public Offering and the basis of allocation of the Hong Kong Offer Shares to be published on the website of the Stock Exchange at www.hkexnews.hk and the Company's website at <https://www.ruqimobility.com> on or beforeTuesday, July 9, 2024

Announcement of results of allocations in the Hong Kong Public Offering (with successful applicants' identification document numbers, where appropriate) to be available through a variety of channels, including:

- in the announcement to be posted on our website and the website of the Stock Exchange at <https://www.ruqimobility.com> and www.hkexnews.hk respectively⁽⁹⁾Tuesday, July 9, 2024

- from "IPO Results" function in the **IPO App** or the designated results of allocations website at www.hkeipo.hk/IPOResult or www.tricor.com.hk/ipo/result with a "search by ID" function from11:00 p.m. on Tuesday, July 9, 2024 to 12:00 midnight on Monday, July 15, 2024

- from the allocation results telephone enquiry line by calling +852 3691 8488 between 9:00 a.m. and 6:00 p.m. fromWednesday, July 10, 2024 to Monday, July 15, 2024 (excluding Saturday, Sunday and public holiday in Hong Kong)

Share certificates in respect of wholly or partially successful applications to be dispatched or deposited into CCASS on or before⁽⁷⁾⁽⁹⁾⁽¹⁰⁾Tuesday, July 9, 2024

EXPECTED TIMETABLE⁽¹⁾

HK eIPO White Form e-Auto Refund payment instructions/refund checks in respect of wholly or partially successful applications (if applicable) or wholly or partially unsuccessful applications to be dispatched on or before⁽⁸⁾⁽⁹⁾⁽¹¹⁾ Wednesday, July 10, 2024

Dealings in Shares on the Stock Exchange expected to commence at 9:00 a.m. on Wednesday, July 10, 2024

Notes:

- (1) All dates and times refer to Hong Kong dates and times, except as otherwise stated.
- (2) You will not be permitted to submit your application under the **HK eIPO White Form** service through the **IPO App** or the designated website at www.hkeipo.hk after 11:30 a.m. on the last day for submitting applications. If you have already submitted your application and obtained an application reference number from the **IPO App** or the designated website prior to 11:30 a.m., you will be permitted to continue the application process (by completing payment of the application monies) until 12:00 noon on the last day for submitting applications, when the application lists close.
- (3) If there is/are a tropical cyclone warning signal number 8 or above, a “black” rainstorm warning and/or Extreme Conditions in force in Hong Kong at any time between 9:00 a.m. and 12:00 noon on Friday, July 5, 2024, the application lists will not open or close on that day. See “How to Apply for Hong Kong Offer Shares – A. Applications for the Hong Kong Offer Shares – 8. Severe Weather Arrangements” in this Prospectus.
- (4) Applicants who apply for Hong Kong Offer Shares by giving **electronic application instructions** to HKSCC via **HKSCC EIPO** channel or instructing your **broker** or **custodian** to apply on your behalf via **HKSCC EIPO** channel should refer to “How to Apply for Hong Kong Offer Shares – A. Applications for the Hong Kong Offer Shares – 2. Application Channels.”
- (5) The Price Determination Date is expected to be on or around Monday, July 8, 2024. If, for any reason, we do not agree with the Overall Coordinators (for themselves and on behalf of the Underwriters) on the pricing of the Offer Shares by 12:00 noon on Monday, July 8, 2024, the Global Offering will not proceed and will lapse. We expect to announce the pricing of the Offer Shares on or around the Price Determination Date.
- (6) None of the website set out in this section or any of the information contained thereon forms part of this Prospectus.
- (7) The Share certificates will only become valid evidence of title at 8:00 a.m. on the Listing Date, which is expected to be Wednesday, July 10, 2024, provided that the Global Offering has become unconditional and the right of termination described in the section headed “Underwriting – Underwriting Arrangements and Expenses – Hong Kong Public Offering – Grounds for Termination” in this Prospectus has not been exercised. Investors who trade Shares on the basis of publicly available allocation details or prior to the receipt of Share certificates or the Share certificates becoming valid evidence of title do so entirely at their own risk.
- (8) e-Auto Refund payment instructions/refund checks will be issued in respect of wholly or partially unsuccessful applications pursuant to the Hong Kong Public Offering and also in respect of wholly or partially successful applications in the event that the final Offer Price is less than the price payable per Offer Share on application. Part of the applicant’s identification document number, or, if the application is made by joint applicants, part of the identification document number of the first-named applicant, provided by the applicant(s) may be printed on the refund check, if any. Such data would also be transferred to a third party for refund purposes. Banks may require verification of an applicant’s identification document number before encashment of the refund check. Inaccurate completion of an applicant’s identification document number may invalidate or delay encashment of the refund checks.

EXPECTED TIMETABLE⁽¹⁾

- (9) Applicants who have applied through the **HK eIPO White Form** service for 1,000,000 or more Hong Kong Offer Shares may collect any refund checks (where applicable) and/or Share certificates in person from our Hong Kong Share Registrar, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong from 9:00 a.m. to 1:00 p.m. on Wednesday, July 10, 2024 or such other date as notified by us as the date of dispatch/collection of Share certificates/e-Auto Refund payment instructions/refund checks. Applicants being individuals who are eligible for personal collection may not authorize any other person to collect on their behalf. If you are a corporate applicant which is eligible for personal collection, your authorized representative must bear a letter of authorization from your corporation stamped with your corporation's chop. Both individuals and authorized representatives must produce evidence of identity acceptable to our Hong Kong Share Registrar at the time of collection.
- (10) Applicants who have applied for Hong Kong Offer Shares through the **HKSCC EIPO** channel should refer to the section headed "How to Apply for Hong Kong Offer Shares – A. Applications for the Hong Kong Offer Shares – 10. Dispatch/Collection of Share Certificates and Refund of Application Monies" in this Prospectus for details.
- (11) Applicants who have applied through the **HK eIPO White Form** service and paid their applications monies through single bank accounts may have refund monies (if any) dispatched to the bank account in the form of e-Auto Refund payment instructions. Applicants who have applied through the **HK eIPO White Form** service and paid their application monies through multiple bank accounts may have refund monies (if any) dispatched to the address as specified in their application instructions in the form of refund checks in favor of the applicant (or, in the case of joint applications, the first-named applicant) by ordinary post at their own risk.
- (12) Share certificates and/or refund checks for applicants who have applied for less than 1,000,000 Hong Kong Offer Shares and any uncollected Share certificates and/or refund checks will be dispatched by ordinary post, at the applicants' risk, to the addresses specified in the relevant applications.
- (13) Further information is set out in the section "How to Apply for Hong Kong Offer Shares – A. Applications for the Hong Kong Offer Shares – 10. Dispatch/Collection of Share Certificates and Refund of Application Monies" in this Prospectus.

For details of the structure of the Global Offering, including its conditions, and the procedures for applications for Hong Kong Offer Shares, see "Structure of the Global Offering" and "How to Apply for Hong Kong Offer Shares," respectively.

If the Global Offering does not become unconditional or is terminated in accordance with its terms, the Global Offering will not proceed. In such a case, we will make an announcement as soon as practicable thereafter.

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IMPORTANT NOTICE TO PROSPECTIVE INVESTORS

This Prospectus is issued by our Company solely in connection with the Hong Kong Public Offering and the Hong Kong Offer Shares and does not constitute an offer to sell or a solicitation of an offer to subscribe for or buy any security other than the Hong Kong Offer Shares. This Prospectus may not be used for the purpose of, and does not constitute, an offer to sell or a solicitation of an offer to subscribe for or buy any security in any other jurisdiction or in any other circumstances. No action has been taken to permit a public offering of the Offer Shares or the distribution of this Prospectus in any jurisdiction other than Hong Kong. The distribution of this Prospectus and the offering and sale of the Offer Shares in other jurisdictions are subject to restrictions and may not be made except as permitted under the applicable securities laws of such jurisdictions pursuant to registration with or authorization by the relevant securities regulatory authorities or an exemption therefrom.

You should rely only on the information contained in this Prospectus to make your investment decision. We have not authorized anyone to provide you with information that is different from what is contained in this Prospectus. Any information or representation not included in this Prospectus must not be relied on by you as having been authorized by us, the Joint Sponsors, the Overall Coordinators, the Capital Market Intermediaries, the Joint Global Coordinators, the Joint Bookrunners, the Joint Lead Managers, the Underwriters, any of our or their respective directors or advisors, or any other person or party involved in the Global Offering. Information contained on our website, located at <https://www.ruqimobility.com>, does not form part of this Prospectus.

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SUMMARY

This summary aims to give you an overview of the information contained in this Prospectus. As it is a summary, it does not contain all the information that may be important to you and is qualified in its entirety by, and should be in conjunction with, the full text of this Prospectus. You should read the entire Prospectus before you decide to invest in the Offer Shares.

There are risks associated with any investment. Some of the particular risks in investing in the Offer Shares are set out in “Risk Factors.” You should read that section carefully before you decide to invest in the Offer Shares.

OVERVIEW

We are a mobility service company in China primarily offering ride-hailing services. In 2021, 2022 and 2023, our revenue from ride-hailing services accounted for 99.2%, 91.0% and 83.9% of our total revenue, respectively. According to Frost & Sullivan, our mobility services ranked second in the Greater Bay Area with a market share of 5.6% in terms of GTV in 2023. We serve and connect various participants of the mobility industry including the riders, drivers, automobile OEMs, vehicle service providers and autonomous driving solution providers. We offer (i) mobility services; (ii) technology services, primarily AI data and model solutions, and high-definition (HD) maps; and (iii) fleet sale and maintenance where we offer a full suite of support for drivers and car partners.

Our shareholders with diverse background have enriched our market insights and understanding of key stakeholders along the mobility service value chain, enabling us to integrate resources across the automobile and mobility service industries. We were founded by GAC Group and Tencent, and subsequently introduced Pony AI, an autonomous driving solution provider, as a strategic shareholder. Connecting automobile manufacturers, internet companies and autonomous driving solution providers, we have been promoting the commercialization of autonomous driving technologies.

We offer mobility services in a broad geographic region. As of December 31, 2023, we strategically focused on nine foothold cities, the majority of which are in the Greater Bay Area. We have prioritized resources on our foothold cities to quickly penetrate the market. Once we reach a critical scale, we can achieve greater efficiency and returns from these cities, driven by which we can then expand into the neighboring areas. In expanding our network, taking into account the demographic and socioeconomic conditions of municipal markets, we prioritize cities that have connection with our existing network. Guided by such geographical expansion strategy, we have replicated the market entry strategies, operational expertise and management systems to new markets in adjacent regions. Our geographical expansion strategy enables us to lower the cost of market penetration and customer acquisition, and therefore to achieve sustainable and efficient growth. As of December 31, 2023, our user penetration rate in the Greater Bay Area exceeded 45%, ranking second in the Greater Bay Area, according to Frost & Sullivan.

SUMMARY

We are committed to R&D and have built technology advantages in smart mobility. Our self-developed AI algorithm model generates routing and matching plans for drivers and riders, forming the foundation of an efficient, reliable and safe platform. We also provide autonomous driving data solutions such as AI data and model solutions, HD map, and smart transportation solutions, to autonomous driving solution providers, OEMs and government departments. In our technology services, our proprietary AI perceptive algorithm base model has achieved over 95% recall and precision in AI pre-annotations of driving data sets, and is applied in our AI data and model solutions. In 2021, 2022 and 2023, our R&D expenses accounted for 11.5%, 7.7%, and 5.5% of our total revenue, respectively. We work with Pony.ai, an autonomous driving solution provider, as well as GAC R&D Center in R&D initiatives in the autonomous driving field.

We experienced rapid growth during the Track Record Period, while continually improving our operational efficiency and optimizing our business model. As of December 31, 2023, the number of registered riders on our mobility service platform reached 23.8 million. Our revenue from mobility services increased from RMB1,012.5 million in 2021 to RMB1,249.8 million in 2022, and further to RMB1,814.1 million in 2023, representing a CAGR of 33.9%. Our total revenue increased from RMB1,013.5 million in 2021 to RMB1,368.4 million in 2022, and further to RMB2,161.1 million in 2023, representing a CAGR of 46.0%.

PATH TO PROFITABILITY

In addition to our robust revenue growth during the Track Record Period, we have narrowed our gross loss margin since 2021, from -24.2% in 2021 to -10.7% in 2022, and further decreased to -7.0% in 2023. On the other hand, we have recorded operating losses, net losses and adjusted net losses (Non-IFRS measure) during the Track Record Period primarily due to the costs and expenses incurred by us to quickly establish our presence in major cities of the Greater Bay Area and increase our penetration rates in those markets. Instead of pursuing short-term financial returns, we remain dedicated to cementing the foundation for our long-term development, focusing on cultivating a solid rider and driver base by offering quality experience and increasing our geographical coverage in China. Accordingly, our growth in revenue may not be able to fully cover the various costs and expenses incurred in the near future, and we expect to continue incurring net loss and net operating cash outflow in 2024, 2025, 2026 and 2027 as we continue to expand the business of our mobility services, enhance our technology capabilities and grow our newly launched services. In addition, we may not be able to successfully commercialize our Robotaxi services, and even if we are able to commercialize such business, we cannot guarantee that we will be able to deliver safe, efficient, competitive and economically viable Robotaxi services that are well-received by the market and further realize our financial expectation. Regardless of the commercialization of our Robotaxi services, we will be unable to achieve breakeven in 2024, 2025, 2026 and 2027. We plan to follow the designed path to maintain sustainability and achieve profitability through: (i) expanding business scale and promoting revenue growth; (ii) improving gross margin; (iii) enhancing operation and management efficiency; and (iv) improving net current

SUMMARY

liabilities position. With the implementation of those strategies and plans, we expect to reach profitability, achieve sustainable growth of our revenue and improve our operating cash flow conditions. See “Business – Path to Profitability.”

OUR STRATEGIES

To achieve our goals, we have formulated the following strategies:

- Leverage Success in Key Regions and First-Mover Advantage in Robotaxi Operation to Build Mobility Service Platform With Full-Suite of Offerings
- Continue to Implement our Geographical Expansion Strategy to Enhance Ride-Hailing Operational Efficiency
- Refine Hybrid Operation Model and Offer Smooth Robotaxi Experience
- Optimize Operational Management with Data Analysis
- Enhance Brand Awareness
- Recruit and Cultivate Leading Talent

See “Business – Our Strategies.”

OUR STRENGTHS

We believe the following competitive strengths have contributed to our success:

- Mobility Service Company with Strong Presence in GBA
- Robust Industry Resources and Supportive Policies
- Continual Improvement of Operational Efficiency
- High-Quality Mobility Services
- Strong Capabilities to Promote Robotaxi Commercialization
- Advanced Technological Capabilities
- Diverse Service Offering Empowered by Broad Industry Resources
- Leadership with Shared Mission, Discernment and Strong Execution Capabilities

See “Business – Our Strengths.”

SUMMARY

OUR SERVICE OFFERINGS

We serve and connect various participants of the mobility industry including the riders, drivers, automobile OEMs, vehicle service providers and autonomous driving solution providers. We offer (i) mobility services; (ii) technology services, primarily AI data and model solutions, and high-definition (HD) maps; and (iii) fleet sale and maintenance where we offer a full suite of support for drivers and car partners. During the Track Record Period, we generated revenue primarily from charging service fees from riders using ride-hailing services on our platform.

The following table sets forth a breakdown of our revenue by business segments in amounts and as percentages of our total revenue for the periods indicated:

	Year ended December 31,					
	2021		2022		2023	
	Amount	%	Amount	%	Amount	%
	<i>(RMB in thousands, except for percentages)</i>					
Mobility services	1,012,464	99.9	1,249,768	91.3	1,814,133	84.0
– Ride-hailing services ⁽¹⁾	1,005,188	99.2	1,244,956	91.0	1,812,133	83.9
– Others ⁽²⁾	7,276	0.7	4,812	0.3	2,000	0.1
Technology services	1,065	0.1	–	–	26,545	1.2
Fleet Sale and Maintenance	–	–	118,591	8.7	320,385	14.8
Total	<u>1,013,529</u>	<u>100.0</u>	<u>1,368,359</u>	<u>100.0</u>	<u>2,161,063</u>	<u>100.0</u>

Notes:

- (1) See “Business — Our Service Offerings” for the breakdown of revenue by (i) orders placed on our platform and fulfilled by us; (ii) orders placed on third-party mobility service platforms and fulfilled by us under third-party user traffic cooperations; and (iii) orders placed on our platform and fulfilled by third-party mobility service platforms under third-party service fleet cooperations.
- (2) Others primarily consist of (i) Robotaxi services, (ii) hitch services, and (iii) marketing and promotion services.

Mobility Services

The following table sets forth the key operating data of our mobility services (including ride-hailing, Robotaxi and hitch services) for the periods indicated:

	Year ended December 31,		
	2021	2022	2023
GTV <i>(RMB in millions)</i>	1,347.4	1,795.6	2,741.0
Order volume <i>(millions)</i>	46.9	66.6	97.7

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	Year ended December 31,		
	2021	2022	2023
Daily order volume (<i>thousands</i>)	128.6	182.4	267.8
Average monthly active riders (<i>thousands</i>)	1,031.7	1,203.8	1,047.3
Average GTV per order (<i>RMB</i>)	28.7	27.0	28.0

- Ride-Hailing.** We began our ride-hailing service in Guangzhou in 2019. We deliver our ride-hailing services primarily through our mobile apps and our *Weixin* Mini Program. During the Track Record Period, the order volume of our ride-hailing services increased from 46.0 million in 2021 to 97.3 million in 2023, representing a CAGR of 45.4%; our ride-hailing GTV increased from RMB1,310.5 million in 2021 to RMB2,714.0 million in 2023, representing a CAGR of 43.9%.

The following table sets forth the key operating data of our ride-hailing services for the periods indicated:

	Year ended December 31,		
	2021	2022	2023
GTV ⁽¹⁾ (<i>RMB in millions</i>)	1,310.5	1,756.9	2,714.0
Order volume ⁽¹⁾ (<i>millions</i>)	46.0	66.0	97.3
Daily order volume (<i>thousands</i>)	126.1	180.7	266.7
Average monthly active riders (<i>thousands</i>)	980.0	1,160.7	996.9
Average monthly active drivers (<i>thousands</i>)	11.9	18.6	36.8
Response rate	81.5%	84.8%	88.9%
Average ride frequency ⁽²⁾ (<i>orders per rider</i>)	8.8	10.2	9.0
Annual rider retention rate ⁽³⁾	31.7%	31.0%	27.8%
Average GTV per order ⁽⁴⁾ (<i>RMB</i>)	28.5	26.6	27.9
Average take rate ⁽⁵⁾	76.7%	70.9%	66.8%
Average net take rate ⁽⁶⁾	(16.6)%	(6.4)%	(4.3)%
Incentives to rider per order (<i>RMB</i>)	5.78	5.62	5.28
Incentives to driver per order (<i>RMB</i>)	2.87	1.71	1.46

Notes:

- See “Business — Our Service Offerings — Mobility Services — Ride-Hailing” for the breakdown of GTV and order volume by (i) orders placed on our platform and fulfilled by us; (ii) orders placed on third-party mobility service platforms and fulfilled by us under third-party user traffic cooperations; and (iii) orders placed on our platform and fulfilled by third-party mobility service platforms under third-party service fleet cooperations.
- Average ride frequency of a given year is calculated by dividing the total number of orders completed on our platform during that year, by the total number of riders who completed at least one order on our platform during the same year.

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- (3) Annual rider retention rate of a given year is calculated by dividing the number of riders with at least one order completed in both the given year and the previous year, by the number of riders with at least one order completed in the previous year.
- (4) GTV refers to the value of paid transactions on our platform. In ride-hailing services, the key differences between average GTV per order and average revenue recognized per order during the Track Record Period were the incentives provided to riders per order as well as the toll fees, parking fees and taxes paid to third parties per order.
- (5) Average take rate of a given year is calculated by dividing the revenue from ride-hailing services in that year, by the GTV from ride-hailing services in the same year.
- (6) Average net take rate of a given year is calculated by dividing the profit (revenue excluding drivers' service fees, management fees paid to car partners, rider incentives and service costs of third-party mobility service platform) from ride-hailing services in that year, by the GTV from ride-hailing services in the same year.

During the Track Record Period, we generated the vast majority of our ride-hailing service revenue, GTV and order volume from the GBA. In 2021, 2022 and 2023, the revenue from our ride-hailing services in non-GBA cities represented nil, 0.5% and 3.9% of our total revenue from our ride-hailing services; the GTV from our ride-hailing services in non-GBA cities represented nil, 0.6% and 4.7% of our total GTV from our ride-hailing services; the order volume from our ride-hailing services in non-GBA cities represented nil, 0.7% and 6.1% of our total order volume from our ride-hailing services.

To achieve overall business expansion, we have been strengthening our cooperation with third-party mobility service platforms, where we fulfilled significantly increasing number of orders under third-party user traffic cooperations. Such cooperations reduced the reliance of users on our apps, which resulted in the decrease in the average monthly active riders, average ride frequency and annual rider retention rate. However, under such cooperations, we are exposed to a broader base of riders and are able to have extra orders, increase GTV and revenue. Furthermore, we also benefit from increased brand recognition as our services become known to riders using third-party mobility platforms. See "Business – Relationship with Industry Partners – Third-Party Mobility Service Platforms – Third-Party User Traffic Cooperation" for reasons of the increase in orders under third-party user traffic cooperations.

During the Track Record Period, we saw a decreasing trend in our average take rate, primarily because of the increase in orders completed under the third-party service fleet cooperation model, where we recognize revenue on a net basis in the amount of the order matching fees we receive. During the Track Record Period, we recorded negative average net take rate primarily due to the significant cost of revenue incurred, which exceeded our revenue, primarily attributable to the significant drivers' service fee. See "Financial Information – Description of Major Components of Our Results of Operations – Revenue" and "Financial Information – Description of Major Components of Our Results of Operations – Cost of Revenue." During the Track Record Period, our negative average net take rate narrowed significantly, which is in line with the improvement of gross loss

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margins, from (24.2)% in 2021 to (10.7)% in 2022, and further to (7.0)% in 2023. See “Financial Information – Description of Major Components of Our Results of Operations – Gross Loss and Gross Margin.”

- **Robotaxi.** In addition to manned ride-hailing services, we offer our riders ride-hailing services fulfilled by driverless shared mobility vehicles, namely Robotaxi services. We started promoting the development and commercialization of Robotaxi in 2021. In October 2022, we were the first mobility platform in the world to launch a commercialized hybrid operation of manned ride-hailing and Robotaxi services, according to Frost & Sullivan. Our Robotaxi operation technology platform is compatible with various autonomous driving solutions as well as Robotaxi vehicle models. As of December 31, 2023, our Robotaxi service operated for an aggregate of 20,080 hours and covered 545 stops, completing 450,699 km of accident-free operations. During the Track Record Period, the revenue generated from Robotaxi was marginal.

We also provide other services including hitch and marketing and promotion services via our platform.

Technology Services

- **AI Data and Model Solutions.** Our AI data and model solutions focus on providing one-stop solutions encompassing data collection, data annotation, data management and model training for the autonomous driving industry. We have developed a set of tools and platform that can be used for multimodal data training, including OnTime Data Collects (data collection), OnTime Data Management (data management), OnTime Data Encoder (data annotation) and OnTime AI Trainer (an integrated platform combining data container management, with model development, model training and model evaluation functions).
- **High-definition Map.** Our HD map, OnTime MapNet, integrates data collection, real-time vehicle-end cloud updates and multilayer integration, and is committed to providing real-time, low-cost, high-quality, HD map update solutions for automobile manufacturers and map developers.

We also provide other technology services, primarily including smart transportation solutions, which are typically delivered on a project basis.

Fleet Sale and Maintenance

We tapped into the automobile service business in April 2022, covering sales of vehicles and spare parts, maintenance and repair and driver service. We aspire to build a one-stop standardized automobile service platform and create an industry network with various industry partners, customers and drivers. We do not prevent our drivers from registering with other ride-hailing platforms and working concurrently with them. We offer our drivers comprehensive support, help them improve operational efficiency and offer stable and

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competitive income, and believe that, by doing so, we are growing a robust and loyal driver base. As of December 31, 2023, we were capable of providing fleet sale and maintenance to 135.2 thousand drivers. In addition, we launched the Robotaxi VMS, expanding the fleet sale and maintenance to Robotaxi.

See “Business – Our Service Offerings.”

SAFETY

We attach great importance to the safety of our riders and drivers. Since our inception, we have made significant investment in establishing safety management protocols and implementing technological security solutions. We have an extensive array of safety protocols to cover risks before, during and after each ride, and a dedicated dispute resolution process. Our measures to ensure and enhance compliance rate and safety of our services include identity, qualification and background check, emergency assistance, audio and video recording, “Qi Cube” – safety monitoring, driver rating and training, non-compliant behavior management and dispute resolution process.

During the Track Record Period and up to the Latest Practicable Date, we did not experience any material safety incident.

See “Business – Safety.”

CUSTOMERS

We have a broad customer base for our mobility services. As of December 31, 2023, we had 23.8 million registered riders on our platform. During the Track Record Period, substantially all of our revenue was from individual customers under our ride-hailing services. We provide enterprise solutions under our ride-hailing services to corporate customers. We also provide technology services to autonomous driving solution providers and fleet sale and maintenance to our drivers and car partners.

Revenue from our five largest customers in each year of the Track Record Period amounted to RMB10.8 million, RMB71.2 million and RMB265.8 million, representing 1.1%, 5.2% and 12.3%, respectively, of our total revenue for the respective periods.

GAIG was among both our five largest customers and our five largest suppliers in each year of the Track Record Period. Revenue from GAIG in each year of the Track Record Period amounted to RMB5.2 million, RMB20.0 million and RMB113.5 million, accounting for 0.5%, 1.5% and 5.3%, respectively, of our total revenue for the respective periods.

See “Business – Customers.”

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SUPPLIERS

Our major suppliers mainly include suppliers of services mainly including vehicle rental, drivers' services, drivers' management services, payment channel services, information technology support services, technology support services, marketing services and message services as well as products mainly including dash cams, vehicles, automobile products and autonomous vehicles.

Purchases from our five largest suppliers in each year of the Track Record Period amounted to RMB225.3 million, RMB192.7 million and RMB480.2 million, representing 14.3%, 11.0% and 18.8%, respectively, of our total purchases for the respective periods.

Purchases from GAIG in each year of the Track Record Period amounted to RMB104.1 million, RMB69.4 million and RMB279.0 million, representing 6.6%, 4.0% and 10.9%, respectively, of our total purchases for the respective periods.

See "Business – Suppliers."

COMPETITIVE LANDSCAPE

China's mobility service market is intensely competitive and characterized by rapid changes in technology, shifting user preferences and frequent introduction of new services and products.

We compete directly with other mobility service providers, including ride-hailing and hitch service providers. We expect competition to continue, both from current competitors, who may be well-established and enjoy greater resources or other strategic advantages, as well as from new entrants into the market. During the Track Record Period, we primarily competed with other mobility service providers in the GBA. As we continue to expand into other cities and regions, we face competition from industry participants in different geographical markets. We also compete with providers of other means of transportation, including railways, buses and short-haul flights, primarily based on ride experience, efficiency and price.

In terms of GTV in 2023, the GBA represented 15.2% of the total market share in China's mobility service market. In line with the overall competitive landscape of China's mobility service market, the leader in the GBA has a significant market leadership. In terms of GTV in 2023, GBA's largest mobility service platform represented 56.5% of the market share in GBA's mobility service market, significantly ahead of our 5.6% market share as GBA's second-largest platform. This dominance is primarily attributed to its early market entry, expansive coverage, significant user base and evident first-mover advantage, according to Frost & Sullivan.

See "Industry Overview" and "Business – Competition."

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LEGAL PROCEEDINGS AND COMPLIANCE

During the Track Record Period and up to the Latest Practicable Date, we had not been a party to any material legal, arbitral or administrative proceedings, and we were not aware of any pending or threatened legal, arbitral or administrative proceedings against us or our Directors that could, individually or in the aggregate, have a material adverse effect on our business, financial condition and results of operations.

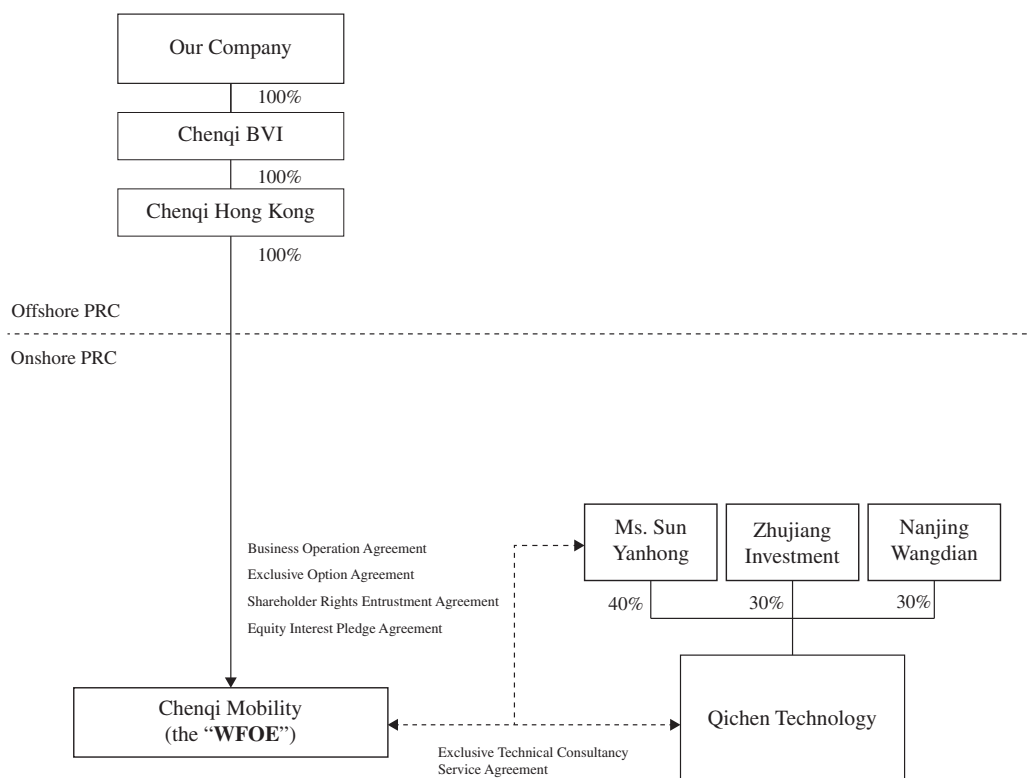
Industry regulators have, in recent years, emphasized the importance of compliance of mobility services. We have proactively taken measures to ensure ongoing compliance, and have reached higher-than-industry-average compliance rate during the Track Record Period.

See “Business – Legal Proceedings and Compliance.”

CONTRACTUAL ARRANGEMENTS

Investment in certain areas of the industries in which our Consolidated Affiliated Entities currently operate is subject to restrictions under current PRC laws and regulations. In line with common practice in industries in the PRC subject to foreign investment restrictions, we would gain effective control over, and receive all the economic benefits generated by, the businesses currently operated by our Consolidated Affiliated Entities through the Contractual Arrangements entered into between Chenqi Mobility, Qichen Technology and the Registered Shareholders on July 10, 2019 and as amended on August 11, 2023. For more details, see the section headed “Contractual Arrangements” in this Prospectus.

The following simplified diagram illustrates the flow of economic benefits from our Consolidated Affiliated Entities to Chenqi Mobility and our Company under the Contractual Arrangements:



SUMMARY



Notes:

- (1) Qichen Technology is held by Ms. Sun Yanhong, Zhujiang Investment and Nanjing Wangdian, as to 40%, 30% and 30% of the total issued share capital of Qichen Technology, respectively.

Ms. Sun Yanhong is a shareholder as to approximately 20% of the shares in China Drive Investment Limited, a Shareholder of our Company.

Zhujiang Investment is an entity owned as to 99% by Mr. Zhu Weihang. Mr. Zhu Weihang is the sole shareholder of Redmount Investments Limited, a Shareholder of our Company.

Nanjing Wangdian is a subsidiary of Tencent.

- (2) “” denotes direct legal and beneficial ownership in equity interest.
- (3) “” denotes contractual relationship.
- (4) As of the Latest Practicable Date, Qichen Technology held the Surveying and Mapping Qualification Certificate (測繪資質證書) (Category B mapping qualifications for geographic information system engineering and internet map services) and the ICP License.

For the risks relating to the Contractual Arrangements, see the section headed “Risk Factors – Risks Relating to Our Corporate Structure” in this Prospectus.

PRE-IPO INVESTORS

We received three rounds of Pre-IPO Investments since our establishment. We have a broad and diverse base of Pre-IPO Investors, including GAC, GAIG, Tencent Mobility, Pony AI, SPARX Group, DMR, Guangzhou Industry Investment Group, Hefei Gotion and other institutional investors. See “History, Reorganization and Corporate Structure – Pre-IPO Investments” for details.

OUR CONTROLLING SHAREHOLDERS

GAIG, directly and indirectly through GAC and China Lounge, will be interested in approximately 35.58% of the issued share capital of our Company immediately before the Global Offering. Immediately upon the completion of the Global Offering, GAIG, through GAC and China Lounge, will be interested in approximately 35.52% of the total issued share capital of our Company (based on the low-end of the indicative range of the Offer Price), and GAIG, GAC and China Lounge are and will continue to be the Controlling Shareholders.

PRE-IPO EQUITY INCENTIVE PLAN

Our Company has adopted the Pre-IPO Equity Incentive Plan. See “Statutory and General Information – D. Share Incentive Scheme” in Appendix IV to this Prospectus for further details.

SUMMARY

SUMMARY OF HISTORICAL FINANCIAL INFORMATION

The following tables present our summary historical financial information for the periods or as of the dates indicated. This summary has been derived from our historical financial information set forth in the Accountant’s Report in Appendix I to this prospectus. The summary historical financial data set forth below should be read together with, and is qualified in its entirety by reference to, the historical financial information included in the Accountant’s Report in Appendix I to this prospectus, including the accompanying notes, and the information set forth in “Financial Information.” Our historical financial information was prepared in accordance with IFRSs.

Key Items of Consolidated Statements of Profit or Loss

The following table sets out the key items of our consolidated statements of profit or loss for the periods indicated:

	Year ended December 31,		
	2021	2022	2023
	<i>(RMB in thousands)</i>		
Revenue	1,013,529	1,368,359	2,161,063
Cost of revenue	<u>(1,258,646)</u>	<u>(1,514,269)</u>	<u>(2,311,508)</u>
Gross loss	(245,117)	(145,910)	(150,445)
Other income	47,455	31,750	54,315
Selling and marketing expenses	(264,667)	(231,354)	(218,895)
General and administrative expenses	(99,860)	(106,772)	(154,979)
Research and development expenses	(116,623)	(105,401)	(118,943)
Credit loss on trade and other receivables	(872)	(3,905)	(2,203)
Other net loss	<u>(3,791)</u>	<u>(47)</u>	<u>(2,703)</u>
Loss from operations	(683,475)	(561,639)	(593,853)
Finance costs	(1,152)	(2,640)	(2,615)
Changes in the carrying amount of convertible redeemable preferred shares	–	(10,407)	(64,502)
Changes in the carrying amount of other financial liabilities issued to investors	–	(52,097)	(31,824)
Loss before taxation	(684,627)	(626,783)	(692,794)
Income tax	<u>–</u>	<u>–</u>	<u>–</u>
Loss for the year	<u>(684,627)</u>	<u>(626,783)</u>	<u>(692,794)</u>

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Non-IFRS Measure

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

We believe adjusted net loss (non-IFRS measure) provides useful information to investors and others in understanding and evaluating our results of operations in the same manner as they help our management. However, our presentation of adjusted net loss (non-IFRS measure) 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 IFRSs.

We define adjusted net loss (non-IFRS measure) as net loss for the year adjusted by adding back changes in the carrying amount of convertible redeemable preferred shares, changes in the carrying amount of other financial liabilities issued to investors, equity-settled share-based payments and listing expenses related to the Global Offering.

The following table reconciles our adjusted net loss (non-IFRS measure) for the periods presented in accordance with IFRSs, which is loss for the periods:

	Year ended December 31,		
	2021	2022	2023
	<i>(RMB in thousands)</i>		
Reconciliation of loss for the year to adjusted net loss (non-IFRS measure):			
Loss for the year	<u>(684,627)</u>	<u>(626,783)</u>	<u>(692,794)</u>
Add:			
– Changes in the carrying amount of convertible redeemable preferred shares ⁽¹⁾	–	10,407	64,502
– Changes in the carrying amount of other financial liabilities issued to investors ⁽²⁾	–	52,097	31,824
– Equity-settled share-based payments ⁽³⁾	16,009	33,166	26,386
– Listing expenses ⁽⁴⁾	–	–	28,866
Adjusted net loss (non-IFRS measure)	<u>(668,618)</u>	<u>(531,113)</u>	<u>(541,216)</u>

SUMMARY

Notes:

- (1) Changes in the carrying amount of convertible redeemable preferred shares mainly represent changes in the carrying amount of certain preferred shares we issued to investors pursuant to the financing agreements. All the convertible redeemable preferred shares will be re-designated from financial liabilities to equity as a result of the automatic conversion into our Shares upon the Listing.
- (2) Changes in the carrying amount of other financial liabilities issued to investors mainly represent changes in the carrying amount of the warrants we issued to certain investors for the right to the subscription of our convertible redeemable preferred shares and related loans provided by the investors.
- (3) Equity-settled share-based payments are non-cash employee benefit expenses incurred in connection with our award to key employees. Such expenses in any specific period are not expected to result in future cash payments.
- (4) Listing expenses mainly relate to the Global Offering.

Revenue

During the Track Record Period, we generated revenue from provision of mobility services, which comprise ride-hailing services and others. The increase in the revenue of our ride-hailing services during the Track Record Period was primarily due to the significant increases in our ride-hailing GTV, which was mainly driven by our expanding rider base and the increased order volume. We also generated revenue from (i) technology services, and (ii) fleet sale and maintenance. See “Financial Information — Description of Major Components of Our Results of Operations — Revenue.”

Cost of Revenue

The following table sets forth a breakdown of our cost of revenue by nature and as percentages of our total cost of revenue for the periods indicated:

	Year ended December 31,					
	2021		2022		2023	
	Amount	%	Amount	%	Amount	%
	<i>(RMB in thousands, except for percentages)</i>					
Drivers' service fee	1,177,283	93.5	1,289,603	85.2	1,794,833	77.6
Car leasing costs	588	0.0	144	0.0	30	0.0
Management fees paid to car partners	38,441	3.1	40,466	2.7	38,455	1.7
IT service fees	15,834	1.3	30,757	2.0	37,150	1.6
Cost of technology services	938	0.1	–	–	21,880	1.0
Payment processing costs	6,102	0.5	6,176	0.4	10,205	0.4
Service costs of third-party mobility service platform	6,910	0.5	26,894	1.8	95,517	4.1
Incentives to drivers for hitch services	6,534	0.5	–	–	–	–
Depreciation and amortization	3,859	0.3	6,661	0.4	6,059	0.3
Cost of auto service center	–	–	112,393	7.4	306,389	13.3
Others	2,157	0.2	1,175	0.1	990	0.0
Total	1,258,646	100.0	1,514,269	100.0	2,311,508	100.0

SUMMARY

During the Track Record Period, the largest component of our cost of revenue was drivers' service fee. Drivers' service fee increased during the Track Record Period, which was in line with the expansion of our business scale. Drivers' service fee decreased as a percentage of cost of revenue from 93.5% in 2021 to 85.2% in 2022, and further decreased to 77.6% in 2023, primarily due to (i) the decrease in incentives provided to drivers because of enhanced drivers' stickiness, which results from (a) the stable income leveraged by our abundant order resources and advanced matching algorithms, and (b) a range of vehicle purchase, maintenance, and repair services provided under fleet sale and maintenance, helping them to optimise their cost structure and strengthen their trust in our platform; and (ii) the increase in cost of auto service center in absolute amount and as a percentage of cost of revenue in the respective periods, resulting from the increased vehicle procurement costs of vehicles following the commencement of fleet sale and maintenance business in 2022.

We recorded insignificant amounts of car leasing costs in 2021, 2022 and 2023, which were mainly related to other car leasing services we offered to enterprise customers. As of the Latest Practicable Date, we had ceased offering such car leasing services.

Management fees paid to car partners as a percentage of our total cost of revenue decreased during the Track Record Period, primarily due to the improved cost management and operational efficiency of our car partners. The average rate of management fees paid to our car partners remained stable at 3.5% in 2021 and 2022, and then decreased to 2.4% in 2023. See "Business — Relationship with Industry Partners — Car Partners."

IT service fees mainly represent service fees paid to providers for the operation and maintenance of data storage and servers. IT service fees increased from RMB15.8 million in 2021 to RMB30.8 million in 2022, and further increased to RMB37.2 million in 2023, mainly for the expansion of our business scale.

Service costs of third-party mobility service platforms mainly represent the service fees payable to our cooperative third-party mobility service platforms through which their riders placed orders and such orders are fulfilled by us. Service costs of third-party mobility service platforms increased during the Track Record Period, primarily due to the increased volume of orders placed through our cooperative third-party mobility service platforms to us. See "Financial Information — Description of Major Components of Our Results of Operations — Cost of Revenue."

SUMMARY

Gross Loss and Gross Margin

The following table sets forth our gross (loss)/profit and gross margin by business segment for the periods indicated:

	Year ended December 31,					
	2021		2022		2023	
	Gross (loss)/	Gross profit	Gross (loss)/	Gross profit	Gross (loss)/	Gross profit
	(loss)/	margin	(loss)/	margin	(loss)/	margin
	profit	(%)	profit	(%)	profit	(%)
	<i>(RMB in thousands, except for percentages)</i>					
Mobility services	(245,244)	(24.2)	(152,108)	(12.2)	(169,106)	(9.3)
Technology services	127	11.9	–	–	4,665	17.6
Fleet sale and maintenance	–	–	6,198	5.2	13,996	4.4
	<u>–</u>	<u>–</u>	<u>6,198</u>	<u>5.2</u>	<u>13,996</u>	<u>4.4</u>
Total	<u>(245,117)</u>	<u>(24.2)</u>	<u>(145,910)</u>	<u>(10.7)</u>	<u>(150,445)</u>	<u>(7.0)</u>

While we experienced significant growth during the Track Record Period, we incurred gross losses throughout the Track Record Period, primarily due to high cost of revenue in the early stage of business development during which we were in the process of expanding our geographical coverage and acquiring new users. For the years ended December 31, 2021, 2022 and 2023, our gross loss was RMB245.1 million, RMB145.9 million and RMB150.4 million, respectively; for the same periods, our gross margin was -24.2%, -10.7% and -7.0%, respectively. The gross loss margins of our mobility services had improved since 2021, primarily because (i) we granted less rider incentives per order, as we achieved higher penetration rate through the enhancement of brand awareness and the implementation of our geographical expansion strategy, and (ii) we continuously improved our operational efficiency. In addition, our technology services and fleet sale and maintenance were in the early stage of business development, and their respective gross profit margins fluctuated during the Track Record Period. In particular, as we delivered technology services on a project basis and the prices of such services were negotiated on a case-by-case basis, the gross profit margins varied across the Track Record Period. Moreover, we recorded gross profit margin of 5.2% and 4.4% of fleet sale and maintenance in 2022 and 2023, primarily because the maintenance services generally carry higher and stable margins in nature.

SUMMARY

Our net loss decreased from RMB684.6 million in 2021 to RMB626.8 million in 2022, primarily due to (i) the gross loss narrowing from RMB245.1 million in 2021 to RMB145.9 million in 2022, and (ii) a decrease in selling and marketing expenses from RMB264.7 million in 2021 to RMB231.4 million in 2022, partially offset by (i) the changes in the carrying amount of other financial liabilities issued to investors of RMB52.1 million, and (ii) the changes in the carrying amount of convertible redeemable preferred shares of RMB10.4 million. Our net loss increased from RMB626.8 million in 2022 to RMB692.8 million in 2023, primarily due to (i) the gross loss increasing from RMB145.9 million in 2022 to RMB150.4 million in 2023, (ii) an increase in general and administrative expenses from RMB106.8 million in 2022 to RMB155.0 million in 2023, and (iii) an increase in losses of changes in the carrying amount of convertible redeemable preferred shares from RMB10.4 million in 2022 to RMB64.5 million in 2023, and partially offset by (i) a decrease in losses of changes in the carrying amount of other financial liabilities issued to investors from RMB52.1 million in 2022 to RMB31.8 million in 2023, and (ii) a decrease in selling and marketing expenses from RMB231.4 million in 2022 to RMB218.9 million in 2023. See “Financial Information – Period-to-Period Comparison of Results of Operations.”

Key Items of Consolidated Statements of Financial Position

The following table sets out the key items of our consolidated statements of financial position as of the dates indicated:

	As of December 31,		
	2021	2022	2023
	<i>(RMB in thousands)</i>		
Property, plant and equipment	28,282	28,171	63,752
Right-of-use assets	22,245	15,169	45,445
Intangible assets	4,446	11,687	29,303
Other non-current assets	3,269	29,581	8,774
Total non-current assets	<u>58,242</u>	<u>84,608</u>	<u>147,274</u>
Inventories	–	7,142	18,311
Trade receivables	5,913	14,261	20,044
Prepayments, deposits and other receivables	18,620	106,876	124,549
Restricted cash	18,725	987	–
Cash and cash equivalents	86,981	553,666	612,858
Total current assets	<u>130,239</u>	<u>682,932</u>	<u>775,762</u>

SUMMARY

	As of December 31,		
	2021	2022	2023
	<i>(RMB in thousands)</i>		
Trade and bills payables	52,845	58,070	78,168
Accruals and other payables	232,139	424,400	153,043
Loans and borrowings	10,000	23,011	14,033
Contract liabilities	1,292	2,140	2,837
Lease liabilities	9,854	11,535	31,007
Convertible redeemable preferred shares	–	247,973	1,161,283
Other financial liabilities issued to investors	–	726,813	888,913
	<u>–</u>	<u>726,813</u>	<u>888,913</u>
Total current liabilities	<u>306,130</u>	<u>1,493,942</u>	<u>2,329,284</u>
Net current liabilities	<u>(175,891)</u>	<u>(811,010)</u>	<u>(1,553,522)</u>
Loans and borrowings	–	17,027	13,000
Deferred income	18,273	–	–
Lease liabilities	15,816	6,211	10,916
	<u>15,816</u>	<u>6,211</u>	<u>10,916</u>
Total non-current liabilities	<u>34,089</u>	<u>23,238</u>	<u>23,916</u>
Net liabilities	<u>(151,738)</u>	<u>(749,640)</u>	<u>(1,430,164)</u>

Our net current liabilities increased from RMB811.0 million as of December 31, 2022 to RMB1,553.5 million as of December 31, 2023, primarily due to (i) an increase of RMB913.3 million in convertible redeemable preferred shares, primarily related to (a) additional issuance of Series A Preferred Shares, and (b) the conversion from other financial liabilities issued to Series A investors to convertible redeemable preferred shares, following the exercise of Series A warrants by the Series A investors to subscribe Series A Preferred Shares of our Company, and (ii) an increase of RMB162.1 million in other financial liabilities issued to investors, which was the net effect of additional warrants and related loans we issued to the investors with respect to Series B Preferred Shares of our Company and conversion of other financial liabilities issued to investors to convertible redeemable preferred shares upon the exercise of Series A warrants by the Series A investors, partially offset by (i) an increase of RMB59.2 million in cash and cash equivalents primarily as a result of the completion of the Series A financing and Series B financing in 2023, and (ii) a decrease of RMB271.4 million in accruals and other payables, primarily due to a decrease of advance payments from investors from RMB249.9 million in 2022 to nil in 2023, resulting from the completion of the Series B financing in 2023.

SUMMARY

Our net current liabilities increased from RMB175.9 million as of December 31, 2021 to RMB811.0 million as of December 31, 2022, primarily due to (i) an increase of RMB726.8 million in other financial liabilities issued to investors, attributable to the warrants and related loans we issued to certain investors with respect to Series A Preferred Shares of our Company, (ii) an increase of RMB248.0 million in convertible redeemable preferred shares, and (iii) an increase of RMB192.3 million in accruals and other payables, primarily due to an increase in advance payments from Series B investors, partially offset by (i) an increase of RMB466.7 million in cash and cash equivalents, and (ii) an increase of RMB88.3 million in prepayments, deposits and other receivables.

Our net liabilities increased from RMB151.7 million as of December 31, 2021 to RMB749.6 million as of December 31, 2022, primarily due to the loss for 2022 of RMB626.8 million, partially offset by (i) the equity-settled share-based transactions of RMB33.2 million, and (ii) the waiver of payment of expenses and costs by a shareholder of RMB1.4 million. Our net liabilities increased from RMB749.6 million as of December 31, 2022 to RMB1,430.2 million as of December 31, 2023, primarily due to the loss in 2023 of RMB692.8 million, partially offset by (i) the equity-settled share-based transactions of RMB26.4 million, (ii) the deemed contribution from investors of RMB12.5 million, and (iii) the waiver of payment of expenses and costs by a shareholder of RMB2.6 million.

We recorded net liabilities of RMB1,430.2 million as of December 31, 2023, primarily attributable to convertible redeemable preferred shares of RMB1,161.3 million and other financial liabilities issued to investors of RMB888.9 million as of December 31, 2023. As of the Latest Practicable Date, all other financial liabilities issued to investors with respect to Series B warrants have been converted into convertible redeemable preferred shares upon exercise of Series B warrants. We expected that the continual fluctuations in the carrying amount of our convertible redeemable preferred shares will affect our financial position until the Listing Date. All the convertible redeemable preferred shares will be re-classified from financial liabilities to equity as a result of the automatic conversion into our Shares upon the Listing such that the net liability position would turn into a net asset position.

During the Track Record Period, we had financed our operations primarily through cash generated from our operating activities and equity financing activities. As of December 31, 2023, we had RMB612.9 million in cash and cash equivalents. Meanwhile, with the implementation of strategies to maintain sustainability and achieve future profitability, we expect to achieve sustainable revenue growth and solidify our working capital and cash positions. As such, taking into account the financial resources available to us, including cash and liquidity assets and the estimated net proceeds from the Global Offering, our Directors are of the view that we possess sufficient working capital for our present requirements, that is for at least 12 months from the date of this prospectus.

SUMMARY

Key Items of Consolidated Statements of Cash Flows

The following table sets out the key items of our cash flows for the periods indicated:

	Year ended December 31,		
	2021	2022	2023
	<i>(RMB in thousands)</i>		
Loss before taxation	(684,627)	(626,783)	(692,794)
Adjustment for non-cash and non-operating items	24,295	108,573	148,117
Changes in working capital	217,356	(147,609)	(38,450)
Income tax paid	—	—	—
	<hr/>	<hr/>	<hr/>
Net cash used in operating activities	(442,976)	(665,819)	(583,127)
Net cash used in investing activities	(10,165)	(37,608)	(27,188)
Net cash generated from financing activities	4,525	1,159,160	673,006
	<hr/>	<hr/>	<hr/>
Net (decrease)/increase in cash and cash equivalents	(448,616)	455,733	62,691
Cash and cash equivalent at the beginning of the year	535,597	86,981	553,666
Effect of movements in exchange rates on cash held	—	10,952	(3,499)
	<hr/>	<hr/>	<hr/>
Cash and cash equivalents at the end of year	<u>86,981</u>	<u>553,666</u>	<u>612,858</u>

During the Track Record Period, we had net operating cash outflow of RMB443.0 million, RMB665.8 million and RMB583.1 million in 2021, 2022 and 2023, respectively, primarily due to the significant amounts of cost of revenue and operating expenses incurred for the provision of our services, carrying out selling and marketing and R&D activities, as well as general and administrative management. We expect to improve our operating cash flow by implementing strategies to achieve profitability in the future. See “Business – Path to Profitability.”

SUMMARY

Key Financial Ratios

The following table sets out our key financial ratios for the periods indicated:

	Year ended December 31,		
	2021	2022	2023
Period-to-period revenue growth (%)	150.9	35.0	57.9
Gross margin (%) ⁽¹⁾	(24.2)	(10.7)	(7.0)
Adjusted net margin (non-IFRS measure) (%) ⁽²⁾	(66.0)	(38.8)	(25.0)

Notes:

- (1) Gross margin equals gross profit divided by revenues for the period and multiplied by 100%.
- (2) Adjusted net margin (non-IFRS measure) equals adjusted net loss (non-IFRS measure) divided by revenues for the period and multiplied by 100%. For the reconciliation from net loss and adjusted net loss (non-IFRS measure), see “Financial Information – Non-IFRS Measure.”

RISK FACTORS

Our business and the Global Offering involve certain risks as set out in “Risk Factors.” You should carefully read that section in its entirety before you decide to invest in our Offer Shares. Some of the major risks we face include:

- The ride-hailing industry is highly competitive, and we may be unable to compete effectively.
- If we are unable to attract or retain riders, our business, results of operations and financial condition may be materially and adversely impacted.
- If we are unable to attract or retain drivers, our platform will become less appealing to riders, and our business, results of operations and financial condition may be materially and adversely impacted.
- We generate a significant percentage of our transactions from the Greater Bay Area. If our operations in the Greater Bay Area are adversely affected, our business, results of operations, financial condition and prospects may be materially and adversely impacted.
- If we cannot efficiently expand our geographic reach and promote the public awareness of our offerings, our business, results of operations, financial condition and prospects may be materially and adversely impacted.

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- The market where we operate is still evolving. If the market does not grow as expected, our business, results of operations, financial condition and prospects may be materially and adversely affected.
- We are required to obtain and maintain the requisite licenses and approvals, and if we are required to take actions that are time-consuming or costly in order to obtain and maintain such requisite licenses and approvals, our business, results of operations and financial condition may be materially and adversely affected.
- We might have been deemed to provide payment services without a payment business permit for a period of time during the Track Record Period.
- We are required to comply with and respond to developments of the regulations or licensing regimes regarding the market where we operate, otherwise our business, results of operations and financial condition may be materially and adversely affected.
- Any significant disruption in service on our platform, malfunctions of our technology systems, errors and quality issues in our software, hardware and systems, or human errors in operating these systems, could materially and adversely affect our business, results of operations and financial condition.

USE OF PROCEEDS

Assuming an Offer Price of HK\$39.70 per Offer Share (being the mid-point of the stated range of the Offer Price between HK\$34.00 and HK\$45.40 per Offer Share), we estimate that we will receive net proceeds of approximately HK\$1,106.6 million from the Global Offering after deducting the underwriting commissions, fees and other estimated expenses in connection with the Global Offering. In line with our strategies, we intend to use our proceeds from the Global Offering for the following purposes:

- approximately 40%, or HK\$442.6 million (equivalent to approximately RMB403.2 million), is expected to be used for the R&D activities of autonomous driving and Robotaxi operation service.
- approximately 20%, or HK\$221.3 million (equivalent to approximately RMB201.6 million), is expected to be used for product upgrading and operational efficiency improvement of our mobility services.
- approximately 20%, or HK\$221.3 million (equivalent to approximately RMB201.6 million) is expected to be used to expand user base, enhance brand awareness and increase market share in the implementation of our geographical expansion strategy.

SUMMARY

- approximately 10%, or HK\$110.7 million (equivalent to approximately RMB100.8 million), is expected to be used for building strategic partnerships, investments and acquisitions along the mobility industry value chain.
- approximately 10%, or HK\$110.7 million (equivalent to approximately RMB100.8 million), is expected to be used for working capital and general corporate purposes.

IMPACT OF COVID-19

The outbreak of COVID-19 severely impacted China and the world from early 2020 onwards. In order to contain the virus, precautionary and control measures such as business and workplace closures, travel restrictions, social distancing measures and emergency quarantines were implemented in regions affected by the pandemic. As a result, the COVID-19 pandemic posed an unprecedented challenge for mobility service companies in China, with the outbreak adversely affecting the demand for mobility services. Our mobility services were particularly affected by the COVID-19 pandemic in 2021 and 2022. In 2022, resurgences of the pandemic occurred sporadically across China, including the Greater Bay Area where we primarily operate our business. Notwithstanding the impact of the COVID-19 pandemic in 2022, we managed to record growth from our ride-hailing services, primarily attributable to: (i) we experienced a period of rapid business expansion; in particular, we commenced operations in more cities in the middle and second half of 2021, which contributed to our solid revenue growth in 2022; (ii) our active expansion into new cities to extend our rider base; (iii) our commitment to improving service quality, such as ensuring our drivers comply with relevant health requirements, which enhanced customer trust; and (iv) the decrease in incentives to customers per order, attributable to our more prudent customer incentive policy.

Save for the above-mentioned business disruptions, we did not encounter any other material adverse impact on our business operations caused by the COVID-19 pandemic during the Track Record Period. As a technology company, most of our core functions can be performed remotely. Our employees may work from home using computers to perform their tasks and communicate with each other via conference calls and other instant communication means.

We expect that our business will not be severely disrupted in the long run. Following the lift of restrictive measures in China in December 2022, economic activities have begun to recover and returned to normal nationwide since January 2023. As a result, the demand and supply of mobility services have gradually recovered. According to Frost & Sullivan, the overall market conditions of mobility services in China have returned to pre-COVID-19 level in terms of demand and supply. The daily average order volume of ride-hailing services in China were approximately 21.0 million in 2019, which reached 24.9 million in 2023, according to the same source. In 2023, benefiting from our established brand recognition in our existing markets and our loyal user base, our ride-hailing business has resumed normalcy. The GTV of our ride-hailing services increased by 54.5% from RMB1,756.9 million in 2022 to RMB2,714.0 million in 2023, and the order volume of our ride-hailing services increased by 47.6% from 66.0 million in 2022 to 97.3 million in 2023.

SUMMARY

Based on the foregoing, our Directors are of the view that the COVID-19 pandemic did not have any material adverse impact on our business and results of operations during the Track Record Period and up to the Latest Practicable Date. However, we cannot be entirely certain as to when the impact of the COVID-19 pandemic will be completely alleviated. Any prolonged outbreak of the COVID-19 may adversely affect our business and financial performance. We are closely monitoring the development of the COVID-19 pandemic, as well as other health pandemics, natural disasters and extraordinary events, and continuously evaluate any potential impact on our business, results of operations and financial condition. See “Risk Factors – Risks Relating to Our Business and Industry – Our business could be adversely affected by natural disasters, public health crises such as the COVID-19 pandemic, political crises, economic downturns or other unexpected events.”

RECENT DEVELOPMENT

We continued to expand our business subsequent to the Track Record Period. The following table sets forth the key operating data of (i) our mobility services (including ride-hailing, Robotaxi and hitch services), and (ii) ride-hailing services for the four months ended April 30, 2024 and for the four months ended April 30, 2023 as comparison:

	Four months ended	
	April 30, 2023	April 30, 2024
<i>Mobility services</i>		
GTV (<i>RMB in millions</i>)	743.4	825.0
Daily GTV (<i>RMB in millions</i>)	6.2	6.8
Order volume (<i>millions</i>)	25.5	31.4
Daily order volume (<i>thousands</i>)	212.7	259.6
<i>Ride-hailing services</i>		
GTV (<i>RMB in millions</i>)	732.8	819.8
Daily GTV (<i>RMB in millions</i>)	6.1	6.8
Order volume (<i>millions</i>)	25.4	31.3
Daily order volume (<i>thousands</i>)	211.4	259.0

Notwithstanding the continuous growth in our business, we expect to continue to incur loss in 2024, which is mainly due to (i) an expected increase in cost of revenue in relation to drivers’ service fee, service costs of third-party mobility service platform and cost of auto service center, and (ii) an expected increase in research and development expenses, in light of our R&D activities of autonomous driving and Robotaxi operation service in the future.

SUMMARY

NO MATERIAL ADVERSE CHANGE

Our Directors have confirmed that, up to the date of this prospectus, there has been no material adverse change in our financial or trading position or prospects since December 31, 2023, being the end date of our latest audited financial statements, and there has been no event since December 31, 2023 that would materially affect the information shown in the Accountants' Report included in Appendix I to this prospectus.

REGULATORY LANDSCAPE AND INDUSTRY DEVELOPMENT

Since 2021, the maintenance of cybersecurity, information security, and protection of important data and personal information (including privacy) have been subject to increased regulation by the PRC competent authorities. Various laws and regulations have been promulgated to supervise privacy and data security, especially on the proper collection, utilization, and storage of the data. In addition, relevant regulatory authorities in the PRC have promulgated new regulations to strengthen enforcement of the PRC Anti-Monopoly Law. During the Track Record Period and up to the Latest Practicable Date, we had not entered into any monopolistic agreements, and had not been subject to any penalties, regulatory orders, or investigations in connection with anti-monopoly activities. In terms of industry development, regulators nationwide are intensifying efforts to manage and regulate ride-hailing services, aiming to enhance industry compliance, and Robotaxi's commercialization is rapidly progressing in China.

We have proactively taken measures to ensure ongoing compliance and to respond promptly to these new regulatory landscape and industry developments.

See "Business – Regulatory Landscape and Industry Development."

APPLICATION FOR LISTING ON THE STOCK EXCHANGE

We have applied to the Listing Committee for the granting of the listing of, and permission to deal in, the Shares in issue and pursuant to the Global Offering on the basis that, among other things, we satisfy the market capitalization/revenue test under Rule 8.05(3) of the Listing Rules with reference to (i) our revenue for the year ended December 31, 2023, being RMB2.16 billion (equivalent to approximately HK\$2.38 billion), which is over HK\$500 million; and (ii) our expected market capitalization at the time of Listing, which, based on the low-end of the indicative Offer Price range, exceeds HK\$4 billion.

CSRC FILING

We have submitted a filing to the CSRC for application of the listing of the Shares on the Stock Exchange on August 22, 2023. The CSRC issued the Notice of Filing on June 13, 2024 for the Global Offering and for the listing of the Shares on the Stock Exchange, confirming the filing information of our Company's overseas listing and indicating that we have completed the relevant filing procedures prior to the listing, provided that no further requirements raised by

SUMMARY

the CSRC regarding our filing. Our PRC Legal Advisor is of the opinion that no other filing notifications from the CSRC are required to be obtained prior to the listing of the Shares on the Stock Exchange pursuant to the Trial Measures.

DIVIDEND

During the Track Record Period, we did not declare or distribute any dividend. According to our Articles of Association and applicable laws and regulations, the decision on whether to pay dividends will be made at the discretion of our Directors and will depend upon, among others, the financial results, cash flow, business conditions and strategies, future operations and earnings, capital requirements and expenditure plans, any restrictions on payment of dividends and other factors that our Directors may consider relevant. We do not have a predetermined dividend payout ratio. We will evaluate our dividend policy in light of our financial condition and the prevailing economic environment. We cannot guarantee in what form dividends will be paid in the future. As advised by our legal advisor on Cayman Islands law, under the Cayman Companies Act, a position of accumulated losses does not necessarily restrict us from declaring and paying dividends to our Shareholders as dividends may be declared and paid out of our share premium account, provided that immediately after the date on which the dividend is proposed to be paid, we will be able to pay our debts as they fall due in the ordinary course of business.

OFFERING STATISTICS

The statistics in the following table are based on the assumptions that the Global Offering has been completed and 30,004,800 Shares are issued pursuant to the Global Offering.

	Based on an Offer Price of HK\$34.00 per Share	Based on an Offer Price of HK\$45.40 per Share
Market capitalization of our Shares ⁽¹⁾	HK\$6,940 million	HK\$9,267 million
Unaudited pro forma adjusted consolidated net tangible assets per Share ⁽²⁾	HK\$7.94	HK\$9.57

Notes:

- (1) The calculation of market capitalization is based on 204,113,852 Shares expected to be in issue immediately upon completion of the Global Offering.
- (2) The unaudited pro forma adjusted consolidated net tangible assets per Share as of December 31, 2023 is calculated after making the adjustments referred to in "Appendix II – Unaudited Pro Forma Financial Information." Save as disclosed therein, no adjustment has been made to reflect any trading results or other transactions of the Group entered into subsequent to December 31, 2023.

SUMMARY

LISTING EXPENSES

The listing expenses represent professional fees, underwriting commission and other fees incurred in connection with the Global Offering. We estimate that our listing expenses, including underwriting commission for the Global Offering, will be approximately HK\$84.6 million (including (i) underwriting-related expenses (including but not limited to commissions and fees) of approximately HK\$29.8 million, and (ii) non underwriting-related expenses of approximately HK\$54.8 million, which consist of (a) fees and expenses of legal advisors and Reporting Accountants of approximately HK\$37.2 million, and (b) other fees and expenses of approximately HK\$17.6 million), representing approximately 7.1% of the gross proceeds from the Global Offering (assuming an Offer Price of HK\$39.70 per Offer Share (being the midpoint of the indicative Offer Price range)), of which approximately HK\$33.6 million is directly attributable to the issue of our Offer Shares and will be deducted from equity, approximately HK\$31.7 million has been expensed during the Track Record Period and the remaining amount of approximately HK\$19.3 million of the listing expenses is expected to be expensed prior to the Listing.

DEFINITIONS

In this Prospectus, unless the context otherwise requires, the following terms shall have the meanings set out below. Certain other terms are explained in the section headed “Glossary of Technical Terms” in this Prospectus.

“Accountants’ Report”	the report of our Company’s reporting accountants, KPMG, the text of which is set out in Appendix I to this Prospectus
“affiliate(s)”	any other person, directly or indirectly, controlling or controlled by or under direct or indirect common control with such specified person
“AFRC”	Accounting and Financial Reporting Council of Hong Kong
“Articles” or “Articles of Association”	the articles of association of our Company conditionally adopted on June 26, 2024 with effect from the Listing and as amended from time to time, a summary of which is set out in Appendix III to this Prospectus
“associate(s)”	has the meaning ascribed to it under the Listing Rules
“Board” or “Board of Directors”	the board of Directors of our Company
“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
“CAGR”	compound annual growth rate
“Capital Market Intermediary(ies)”	the capital market intermediaries participating in the Global Offering and has the meaning ascribed thereto under the Listing Rules
“Cayman Companies Act” or “Companies Act”	the Companies Act, Cap. 22 (Act 3 of 1961, as consolidated and revised) of the Cayman Islands, as amended, supplemented or otherwise modified from time to time
“CCASS”	the Central Clearing and Settlement System established and operated by HKSCC

DEFINITIONS

“Chengdu Suixiang”	Chengdu Suixiang Zhixing Technology Co., Ltd. (成都隨享致行科技有限公司), a company established under the laws of the PRC with limited liability on January 16, 2023 and one of our Consolidated Affiliated Entities
“Chenqi Automobile”	Guangzhou Chenqi Automobile Services Co., Ltd. (廣州宸祺汽車服務有限公司), a company established under the laws of the PRC with limited liability on June 19, 2019 and our indirect wholly-owned subsidiary
“Chenqi BVI”	Chenqi On Time Technology Limited, a company incorporated under the laws of the BVI with limited liability on May 31, 2019 and our direct wholly-owned subsidiary
“Chenqi Hong Kong”	Chenqi (HK) Technology Limited (宸祺(香港)科技有限公司), a company incorporated under the laws of Hong Kong with limited liability on June 11, 2019 and our indirect wholly-owned subsidiary
“Chenqi Mobility”	Guangzhou Chenqi Mobility Technology Co., Ltd. (廣州宸祺出行科技有限公司), a wholly foreign-owned enterprise established under the laws of the PRC on June 18, 2019 and our indirect wholly-owned subsidiary
“China”, “Mainland China” or “PRC”	the People’s Republic of China, which, for the purposes of this Prospectus only, excludes Taiwan, Hong Kong and the Macau Special Administrative Region of the PRC, except where the context indicates or requires otherwise
“China Lounge”	China Lounge Investments Limited (中隆投資有限公司), a company incorporated under the laws of Hong Kong with limited liability on August 27, 1992, a wholly-owned subsidiary of GAC, one of our Controlling Shareholders
“Companies Ordinance”	the Companies Ordinance (Chapter 622 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
“Companies (Winding Up and Miscellaneous Provisions) Ordinance”	Companies (Winding Up and Miscellaneous Provisions) Ordinance (Chapter 32 of the Laws of Hong Kong), as amended and supplemented from time to time

DEFINITIONS

“Company”, “our Company”, “the Company”, “we” or “us”	Chenqi Technology Limited, an exempted company incorporated in the Cayman Islands with limited liability on April 30, 2019
“connected person(s)”	has the meaning ascribed to it in the Listing Rules
“connected transaction(s)”	has the meaning ascribed to it in the Listing Rules
“Consolidated Affiliated Entities”	the entities we control through the Contractual Arrangements, namely Qichen Technology and its subsidiaries, further details of which are set out in “Contractual Arrangements” in this Prospectus
“Contractual Arrangements”	the series of contractual arrangements entered into between Chenqi Mobility, Qichen Technology and the Registered Shareholders, details of which are described in “Contractual Arrangements” in this Prospectus
“Controlling Shareholders”	GAIG, GAC and China Lounge
“CO ₂ e”	carbon dioxide equivalent
“CSRC”	the China Securities Regulatory Commission (中國證券監督管理委員會)
“Designated Bank”	HKSCC Participant’s EIPO designated bank
“Director(s)”	the director(s) of our Company or any one of them
“Extreme Conditions”	the occurrence of “extreme conditions” as announced by any government authority of Hong Kong due to serious disruption of public transport services, extensive flooding, major landslides, large-scale power outage or any other adverse conditions before Typhoon Signal No. 8 or above is replaced with Typhoon Signal No. 3 or below
“FINI” or “Fast Interface for New Issuance”	an online platform operated by HKSCC that is mandatory for admission to trading and, where applicable, the collection and processing of specified information on subscription in and settlement for all new listing of securities

DEFINITIONS

“Frost & Sullivan”	Frost & Sullivan (Beijing) Inc., Shanghai Branch Co., an Independent Third Party and a market research firm engaged by the Company to prepare an industry report, the details of which are set out in the section headed “Industry Overview” in this Prospectus
“Frost & Sullivan Report”	an industry report dated June 28, 2024 commissioned by us and issued by Frost & Sullivan, as referred to in the section headed “Industry Overview” in this Prospectus
“GAC”	Guangzhou Automobile Group Co., Ltd. (廣州汽車集團股份有限公司), a joint stock company established under the laws of the PRC with limited liability on June 28, 2005 and listed on the Stock Exchange (stock code: 02238) and the Shanghai Stock Exchange (stock code: 601238), and one of our Controlling Shareholders
“GAC Group”	GAC and its subsidiaries
“GAC Aion”	GAC AION New Energy Automobile Co., Ltd. (廣汽埃安新能源汽車股份有限公司), a joint stock company established under the laws of the PRC with limited liability on July 28, 2017, and a non-wholly owned subsidiary of GAC
“GAC Trillion “1578” Development Outline”	萬億廣汽1578發展綱要, a development blueprint until 2030, released by GAC Group in December 2022
“GAIG”	Guangzhou Automobile Industry Group Co., Ltd. (廣州汽車工業集團有限公司), a wholly state-owned enterprise established under the laws of the PRC on October 18, 2000, and the controlling shareholder of GAC, and one of our Controlling Shareholders
“Global Offering”	the Hong Kong Public Offering and the International Offering
“Group”, “our Group” or “the Group”	the Company, its subsidiaries and the Consolidated Affiliated Entities

DEFINITIONS

“Hefei Gotion”	Hefei Gotion High-Tech Power Energy Co., Ltd. (合肥國軒高科動力能源有限公司), a company established in the PRC with limited liability on May 9, 2006, one of our Pre-IPO Investors and a wholly-owned subsidiary of Gotion High-tech Co., Ltd (國軒高科股份有限公司), a company listed on the Shenzhen Stock Exchange (stock code: 002074)
“HK\$”, “HK dollars” or “HKD”	Hong Kong dollars and cents, respectively, the lawful currency of Hong Kong
“HK eIPO White Form”	the application for Hong Kong Offer Shares to be issued in the applicant’s own name, submitted online through the IPO App or the designated website at www.hkeipo.hk
“HK eIPO White Form Service Provider”	the HK eIPO White Form service provider designated by our Company as specified in the IPO App or on the designated website at www.hkeipo.hk
“HKSCC”	Hong Kong Securities Clearing Company Limited, a wholly-owned subsidiary of Hong Kong Exchanges and Clearing Limited
“HKSCC EIPO”	the application for the Hong Kong Offer Shares to be issued in the name of HKSCC Nominees and deposited directly into CCASS to be credited to your or a designated HKSCC Participant’s stock account through causing HKSCC Nominees to apply on your behalf, including by instructing your broker or custodian who is an HKSCC Participant to submit electronic application instructions via FINI to apply for the Hong Kong Offer Shares on your behalf
“HKSCC Nominees”	HKSCC Nominees Limited, a wholly-owned subsidiary of HKSCC
“HKSCC Operational Procedures”	the Operational Procedures of HKSCC in relation to CCASS, containing the practices, procedures and administrative requirements relating to the operations and functions of CCASS as from time to time in force

DEFINITIONS

“HKSCC Participant”	means a participant admitted to participate in CCASS as a direct clearing participant, a general clearing participant or a custodian participant
“Hong Kong” or “HK”	the Hong Kong Special Administrative Region of the PRC
“Hong Kong Offer Shares”	the 3,000,500 Shares being initially offered by our Company for subscription at the Offer Price pursuant to the Hong Kong Public Offering (subject to reallocation as described in the section headed “Structure of the Global Offering” in this Prospectus)
“Hong Kong Public Offering”	the offer of the Hong Kong Offer Shares to the public in Hong Kong for subscription at the Offer Price, on and subject to the terms and conditions set out in this Prospectus. See “Structure of the Global Offering” in this Prospectus
“Hong Kong Share Registrar”	Tricor Investor Services Limited
“Hong Kong Stock Exchange” or “Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Hong Kong Underwriters”	the underwriters of the Hong Kong Public Offering as set out in the section headed “Underwriting – Hong Kong Underwriters” in this Prospectus
“Hong Kong Underwriting Agreement”	the underwriting agreement dated June 27, 2024 relating to the Hong Kong Public Offering entered into among our Company, the Joint Sponsors, the Overall Coordinators and the Hong Kong Underwriters, as further described in the section headed “Underwriting” in this Prospectus
“IFRSs”	IFRS Accounting Standards, as issued from time to time by the International Accounting Standards Board

DEFINITIONS

“Independent Third Party(ies)”	individual(s) or company(ies) who or which, to the best of our Directors’ knowledge having made all due and careful inquiries, is/are independent from and not connected with (within the meaning of the Listing Rules) any Director, chief executive or substantial shareholder (within the meaning of the Listing Rules) of our Company, its subsidiaries or any of their respective associates
“International Offer Shares”	the 27,004,300 Shares (subject to reallocation) initially being offered by our Company for subscription pursuant to the International Offering
“International Offering”	the offering of the International Offer Shares at the Offer Price outside the United States in accordance with Regulation S, as further described in the section headed “Structure of the Global Offering” in this Prospectus
“International Underwriters”	the underwriters of the International Offering
“International Underwriting Agreement”	the international underwriting agreement relating to the International Offering expected to be entered into by our Company, the Joint Sponsors, the Overall Coordinators and the International Underwriters, on or about the Price Determination Date, as further described in “Underwriting – Underwriting Arrangements and Expenses – International Offering” in this Prospectus
“IPO App”	the mobile application for the HK eIPO White Form service which can be downloaded by searching “ IPO App ” in App Store or Google Play or downloaded at www.hkeipo.hk/IPOApp or www.tricorglobal.com/IPOApp
“Joint Bookrunners”	the joint bookrunners as named in the section headed “Directors and Parties Involved in the Global Offering” of this Prospectus
“Joint Global Coordinators”	the joint global coordinators as named in the section headed “Directors and Parties Involved in the Global Offering” of this Prospectus

DEFINITIONS

“Joint Lead Managers”	the joint lead managers as named in the section headed “Directors and Parties Involved in the Global Offering” of this Prospectus
“Joint Sponsors”, “Overall Coordinators” or “Sponsor-Overall Coordinators” <i>(in no particular order)</i>	China International Capital Corporation Hong Kong Securities Limited, Huatai Financial Holdings (Hong Kong) Limited and ABCI Capital Limited
“Latest Practicable Date”	June 18, 2024, being the latest practicable date for the purpose of ascertaining certain information contained in this Prospectus prior to its publication
“Listing”	listing of our 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 Wednesday, July 10, 2024, on which dealings in the Shares first commence on the Stock Exchange
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (as amended, supplemented or otherwise modified 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 GEM of the Stock Exchange
“Memorandum” or “Memorandum of Association”	the memorandum of association of our Company, conditionally adopted on June 26, 2024 with effect from the Listing and as amended from time to time, a summary of which is set out in Appendix III to this Prospectus
“MOFCOM”	Ministry of Commerce of the PRC (中華人民共和國商務部)
“MOT”	Ministry of Transport of the PRC (中華人民共和國交通運輸部)
“Mr. Jiang”	Mr. JIANG Hua (蔣華), our executive Director and the chief executive officer of our Company

DEFINITIONS

“Nanjing Wangdian”	Nanjing Wangdian Technology Co., Ltd. (南京網典科技有限公司), a company established under the laws of the PRC with limited liability on January 5, 2000 and one of the Registered Shareholders of Qichen Technology
“NDRC”	the 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)
“ODI”	overseas direct investment
“Offer Price”	the final Hong Kong dollar offer price per Share (exclusive of any brokerage, SFC transaction levy, AFRC transaction levy and the Stock Exchange trading fee) at which the Shares are to be subscribed for and issued pursuant to the Global Offering, to be determined as described in “Structure of the Global Offering” in this Prospectus
“Offer Share(s)”	the Hong Kong Offer Shares and the International Offer Shares
“Ordinary Share(s)” or “Share(s)”	the ordinary share(s) of a par value of US\$0.0005 per share in the authorized share capital of our Company
“PBOC”	People’s Bank of China (中國人民銀行), the central bank of the PRC
“PRC Data Compliance Legal Advisor”	King & Wood Mallesons, acting as legal counsel as to PRC data compliance laws to our Company
“PRC government”	the central government of the PRC, including all political subdivisions (including provincial, municipal and other regional or local government entities) and its organs or, as the context requires, any of them
“PRC Legal Advisor”	Haiwen & Partners, acting as legal counsel as to PRC laws to our Company
“Pre-IPO Equity Incentive Plan”	the 2021 Equity Incentive Plan approved by the Board on July 14, 2021 and as amended from time to time, the principal terms of which are set out in the section headed “Statutory and General Information – D. Share Incentive Scheme” in Appendix IV in this Prospectus

DEFINITIONS

“Pre-IPO Investments”	the investments made by the Pre-IPO Investors, the principal terms of which are summarized in “History, Reorganization and Corporate Structure – Pre-IPO Investments” in this Prospectus
“Pre-IPO Investors”	the investor(s) who participated in our Pre-IPO Investments, details of which are set out in “History, Reorganization and Corporate Structure – Pre-IPO Investments” in this Prospectus
“Preferred Share(s)”	the Series A Preferred Share(s) and Series B Preferred Share(s)
“Price Determination Date”	the date, expected to be on or about Monday, July 8, 2024, on which the Offer Price will be determined
“Prospectus”	this prospectus being issued in connection with the Hong Kong Public Offering
“Qichen Technology”	Guangzhou Qichen Technology Co., Ltd. (廣州祺宸科技有限公司), a company established under the laws of the PRC with limited liability on March 29, 2018 and one of our Consolidated Affiliated Entities
“Registered Shareholders”	the registered shareholders of Qichen Technology, namely Ms. SUN Yanhong (孫艷紅), Zhujiang Investment and Nanjing Wangdian
“Regulation S”	Regulation S under the US Securities Act
“Reorganization”	the offshore and onshore reorganization as set out in section headed “History, Reorganization and Corporate Structure – Reorganization” in this Prospectus
“Represented Tencent Group”	Tencent, its subsidiaries and consolidated affiliated entities, but excluding China Literature Limited (a company listed on the Stock Exchange (stock code: 00772)) and Tencent Music Entertainment Group (a company listed on the New York Stock Exchange (stock symbol: TME)) and their respective subsidiaries and consolidated affiliated entities
“RMB” or “Renminbi”	Renminbi, the lawful currency of the PRC

DEFINITIONS

“SAFE”	State Administration of Foreign Exchange of the PRC (中華人民共和國國家外匯管理局)
“SAMR”	State Administration for Market Regulation of the PRC (國家市場監督管理總局) (formerly known as the State Administration for Industry and Commerce of the PRC (中華人民共和國國家工商行政管理總局) (the “SAIC”))
“Series A Preferred Share(s)”	the series A preferred share(s) of a par value of US\$0.0005 per share in the authorized share capital of our Company, of which 48,274,535 shares are in issue as of the Latest Practicable Date
“Series B Preferred Share(s)”	the series B preferred share(s) of a par value of US\$0.0005 per share in the authorized share capital of our Company, of which 27,669,969 shares are in issue as of the Latest Practicable Date
“SFC”	the Securities and Futures Commission of Hong Kong
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
“Shanghai Stock Exchange”	the Shanghai Stock Exchange (上海證券交易所)
“Share Cancellation”	the surrender and the cancellation of total number of 1,835,452 Ordinary Shares held by Zhixing BVI and Zhixing Jovial I Limited for no consideration immediately prior to the Listing
“Shareholder(s)”	holder(s) of the Shares
“Shenzhen Suixiang”	Shenzhen Suixiang Zhixing Technology Co., Ltd. (深圳隨享致行科技有限公司), a company established under the laws of the PRC with limited liability on August 29, 2023 and one of our Consolidated Affiliated Entities
“STA”	the State Taxation Administration of the PRC (中華人民共和國國家稅務總局)
“State Council”	the PRC State Council (中華人民共和國國務院)

DEFINITIONS

“subsidiary” or “subsidiaries”	has the meaning ascribed to it in section 15 of the Companies Ordinance
“Takeovers Code”	the Code on Takeovers and Mergers and Share Buy-backs issued by the SFC, as amended, supplemented or otherwise modified from time to time
“Tencent”	Tencent Holdings Limited, a company incorporated in the Cayman Islands with limited liability on November 23, 1999 and listed on the Stock Exchange (stock code: 00700)
“Tencent Mobility”	Tencent Mobility Limited, a company incorporated under the laws of Hong Kong with limited liability on February 29, 2012, a wholly-owned subsidiary of Tencent and one of our substantial Shareholders
“Track Record Period”	the period comprising the financial years ended December 31, 2021, 2022 and 2023
“Trial Measures”	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)
“Underwriters”	the Hong Kong Underwriters and the International Underwriters
“Underwriting Agreements”	the Hong Kong Underwriting Agreement and the International Underwriting Agreement
“United States” or “U.S.”	the United States of America, its territories, its possessions and all areas subject to its jurisdiction
“Urumqi Suixiang”	Urumqi Suixiang Zhixing Technology Co., Ltd. (烏魯木齊隨享致行科技有限公司), a company established under the laws of the PRC with limited liability on September 5, 2023 and one of our Consolidated Affiliated Entities
“US\$”, “USD” or “U.S. dollars”	United States dollars, the lawful currency for the time being of the United States
“U.S. Securities Act”	the United States Securities Act of 1933, as amended, and the rules and regulations promulgated thereunder

DEFINITIONS

“Xiamen Suixiang”	Xiamen Suixiang Zhixing Technology Co., Ltd. (廈門隨享致行科技有限公司), a company established under the laws of the PRC with limited liability on January 11, 2023 and one of our Consolidated Affiliated Entities
“Zhixing BVI”	Zhixing On Time Limited, a company incorporated under the laws of the BVI with limited liability on February 9, 2021 and an employee share incentive shareholding platform in respect of the Pre-IPO Equity Incentive Plan
“Zhixing Technology”	Guangzhou Zhixing Technology Partnership (Limited Partnership) (廣州致行科技合夥企業(有限合夥)), a limited partnership established under the laws of the PRC on May 18, 2021
“Zhujiang Investment”	Guangdong Zhujiang Investment Holding Group Co. (廣東珠江投資控股集團有限公司), a company established under the laws of the PRC with limited liability on July 31, 2007 and one of the Registered Shareholders of Qichen Technology
“%”	per cent.

In this Prospectus, the terms “associate”, “close associate”, “connected person”, “core connected person”, “connected transaction”, “controlling shareholder” 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 Prospectus have been subject to rounding. 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 Prospectus 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 of technical terms contains explanations of certain technical terms used in this Prospectus. As such, these terms and their meanings may not correspond to standard industry meanings or usage of these terms.

“2D”	two-dimension
“3D”	three-dimension
“5G”	the 5th generation mobile network, a new global wireless standard after 1G, 2G, 3G and 4G networks
“active driver(s)”	the number of unique driver(s) who completed at least one order during the prescribed period
“active rider(s)”	the number of unique rider(s) who completed at least one order during the prescribed period
“actual operating driver compliance rate(s)”	percentage of orders for which actual operating drivers are licensed, calculated by dividing the number of licensed drivers with at least one order completed during a year or period by the total number of drivers with at least one order completed during such year or period
“actual operating vehicle compliance rate(s)”	percentage of orders for which actual operating vehicles are licensed, calculated by dividing the number of licensed vehicles with at least one order completed during a year or period by the total number of vehicles with at least one order completed during such year or period
“active vehicle(s)”	the number of unique vehicle(s) that completed at least one order during the prescribed period
“ADAS”	electronic systems developed to automate, adapt and enhance vehicle systems for safety and better driving
“AI”	artificial intelligence
“algorithm”	a procedure or formula for solving a problem, based on conducting a sequence of specific actions

GLOSSARY OF TECHNICAL TERMS

“annual rider retention rate”	the annual rider retention rate of a given year is calculated by dividing the number of riders with at least one order completed in both the given year and the previous year by the number of riders with at least one order completed in the previous year
“API”	application programming interface, a computer programming approach for facilitating exchange of information and executing instructions between different computer systems
“app” or “mobile app”	application software designed to run on smartphones and other mobile devices
“average income per order”	the average difference between the fee charged from the rider and the fee paid to the driver in all ride-hailing orders in a given period, which represents the direct revenue minus direct variable cost per order. The direct revenue primarily represents the revenue prior deducting value-added tax. The direct variable cost primarily includes driver earnings
“average take rate”	revenue as a percentage of GTV per order. (Revenue is GTV excluding items primarily including the incentives provided to riders as well as the toll fees, parking fees and taxes paid to third parties)
“average net take rate”	profit (revenue excluding drivers’ service fees, management fees paid to car partners, rider incentives and service costs of third-party mobility service platform) as a percentage of GTV per order. (Revenue is GTV excluding items primarily including the incentives provided to riders as well as the toll fees, parking fees and taxes paid to third parties)
“average ride frequency”	a metric that reflects the average number of orders completed per rider in a given period, calculated by dividing the total number of orders completed on our platform during that period by the total number of riders who completed at least one order on our platform during such period
“A-class vehicle(s)”	compact passenger vehicle(s)

GLOSSARY OF TECHNICAL TERMS

“CAGR”	compound annual growth rate
“cloud”	a network of remote servers hosted on the Internet and used to store, manage, process data and offer algorithms in place of local servers or personal computers
“compliant order(s)”	order(s) for which both drivers and vehicles are licensed
“corner case”	an unexpected or unknown situation that occurs only outside of normal operating parameters, and is very hard to be simulated or tested
“COVID-19”	a viral respiratory disease caused by the severe acute respiratory syndrome coronavirus 2, which has been declared by World Health Organization as a pandemic on March 11, 2020
“deep learning”	a machine learning technique that constructs artificial neural networks with multiple layers to extract features from the raw input
“dense feature”	a term used in machine learning that means the data stored for a particular feature contains mostly non-zero values
“ESG”	environmental, social and corporate governance
“EV”	electric vehicle
“first-tier cities”	a further classification of our foothold cities. We select first-tier cities taking into account the factors such as population, total GDP, GDP per capita, GDP growth rate, public transportation condition, taxi capacity and the ride-hailing market saturation level. Our criteria stipulate a minimum permanent population of 11 million and a minimum per capita GDP of RMB 70,000

GLOSSARY OF TECHNICAL TERMS

“foothold cities”	cities where we strategically prioritized resources to quickly penetrate the market and achieve rapid market penetration, and we then leverage our successes in such cities to drive our expansion into the neighboring areas. Foothold cities are divided into first-tier cities and second-tier cities. We select foothold cities taking into account economic scale, cultural impact and transportation convenience
“GHG”	greenhouse gas
“GPS”	global positioning system, a navigation system using satellite signals to determine the ground position of an object
“GTV”	the value of paid transactions on our platform. In ride-hailing services, the key differences between GTV and the revenue recognized by us during the Track Record Period were the incentives provided to riders as well as the toll fees, parking fees and taxes paid to third parties
“Greater Bay Area” or “GBA”	the Guangdong-Hong Kong-Macao Greater Bay Area, a geographical region in China including Guangzhou, Shenzhen, Zhuhai, Foshan, Huizhou, Dongguan, Zhongshan, Jiangmen, Zhaoqing, Hong Kong and Macao Special Administrative Region of the PRC
“HD map”	high-definition map, a highly accurate map used in autonomous driving that contains details not normally present on traditional maps and can be precise at a centimeter level
“hitch”	collaborative use of a private car by several individuals traveling along the same or similar itinerary at mutually compatible times
“H5”	refers to the HTML5 language and digital products developed with HTML5 language
“IoV”	internet of vehicle, a network of vehicles equipped with sensors, software and the technologies that mediate between these with the aim of connecting and exchanging data over the Internet according to agreed standards

GLOSSARY OF TECHNICAL TERMS

“IT”	information technology
“km”	kilometer(s)
“km ² ”	square kilometer(s)
“kWh”	kilowatt-hour, a unit of energy equal to one kilowatt of power sustained for one hour
“LiDAR”	light detection and ranging, a method for measuring distances by illuminating the target with laser light and measuring the reflection with a sensor
“long-tail scenarios”	scenarios that have low frequency of occurrence in real life, and the detection and proper handling of which provides huge value to the users
“L2”	level two of driving automation, namely partial automation level. Under L2, the vehicle can provide both steering and brake/accelerating support to the driver
“L3”	level three of driving automation, namely conditional automation level. Under L3, vehicles have “environmental detection” capabilities and can make informed decisions for themselves, such as accelerating past a slow-moving vehicle, but will not operate unless certain conditions are met
“L4”	level four of driving automation, namely high automation level. Vehicles with L4 autonomy are capable of driving fully autonomously in proper settings such as highways and urban roads without the assistance or intervention of a human driver. A human driver is only required in limited scenarios where the road conditions are not met
“L5”	level five of driving automation, namely full automation level. Under L5, vehicles do not require human attention and can drive under all conditions
“machine learning”	the study of computer algorithms that improves automatically through experience which is seen as a subset of artificial intelligence

GLOSSARY OF TECHNICAL TERMS

“MOT Order Compliance Rate(s)”	monthly order compliance rate(s) for the top ten ride-hailing companies in China in terms of monthly order volume, calculated and published by the MOT on a monthly basis. According to the information released by the Ministry of Transportation, a compliant order refers to an order for which both the driver and the vehicle are licensed. Pursuant to the Administrative Measures for Operation of the Interactive Platform for Regulatory Information of Online Ride-hailing (《網絡預約出租汽車監管信息交互平台運行管理辦法》) issued by the MOT in February 2018 and becoming effective on July 1, 2022, all the ride-hailing service providers should upload their information regarding operating vehicles, drives, orders, operations, locations and service quality, etc., to the Ride-hailing Supervision and Interactive Platform (網絡預約出租汽車監管信息交互平台), and the MOT will use the data collected from local transportation authorities and the Ride-hailing Supervision and Interactive Platform to calculate and publish the MOT Order Compliance Rate.
“multi-AZ”	the database instance that has a standby spare server machine and spare hard drive in a different availability zone of the same region
“m ² ”	square meter(s)
“ODD”	operational design domain, a set of operating conditions for an automated system, often used in the field of autonomous vehicles
“OMP”	operation management platform, one of the three core modules under our proprietary open Robotaxi operation technology platform
“open”	in the context of describing a platform or a system in this Prospectus, means that such software system is based on open standards, such as published and fully documented external APIs that allow using the software to function in other ways than the original programmer intended, without requiring modification of the source code

GLOSSARY OF TECHNICAL TERMS

“order compliance rate(s)”	percentage of orders for which both drivers and vehicles are licensed, calculated by dividing the number of orders for which both drivers and vehicles are licensed during a year or period by the total number of orders of our ride-hailing services during such year or period
“order volume”	volume of orders completed during the prescribed period
“OT”	over time
“over-the-air” or “OTA”	a method of wirelessly distributing an application and/or its updates to end users’ devices
“pre-annotation”	pre-processing of data through AI algorithm models to improve the accuracy and speed of subsequent manual annotation
“public transportation”	a system of transport, in contrast to private transport, for passengers by group travel systems available for use by the general public, which are typically managed on a schedule, operated on established routes and charge a posted fee for each trip
“recall and precision”	performance metrics that apply to data retrieved from a collection, corpus or sample space. Recall refers to the ability of a model to find all the relevant cases within a data set, and precision refers to the ability of a classification model to identify only the relevant data points
“response rate”	a rate measuring the chance of requests from riders being accepted by drivers, which is calculated based on the number of requests accepted by drivers divided by the total number of requests made by riders on a platform in a given period
“Robotaxi”	a driverless shared mobility vehicle built-in with L4 and L5 autonomous driving technology
“R&D”	research and development
“RDP”	Robotaxi data platform, one of the three core modules under our proprietary open Robotaxi operation technology platform

GLOSSARY OF TECHNICAL TERMS

“second-tier cities”	a further classification of our foothold cities. We select second-tier cities taking into account population, GDP per capita and the spatial interactions with the nearby first-tier cities. Our criteria stipulate a minimum permanent population of 1 million and a minimum per capita GDP of RMB50,000
“sparse feature”	a term used in machine learning that means the data stored for a particular feature contains mostly zeroes
“SVM”	support vector machine, supervised learning model with associated learning algorithm that analyzes data for classification and regression analysis
“third-party mobility service platforms”	mobility service platforms operating within China other than us, including mobility service platforms with their own service fleet and aggregation mobility service platforms which consolidate service fleet from other mobility service platforms. We also compete directly with such platforms, especially those operating in the GBA
“ton(s)”	metric ton(s), where one metric ton equals 1,000 kilograms
“user penetration rate”	an indicator used to assess the market coverage of a product or service, which, for ride-hailing services in this Prospectus, is calculated by dividing the number of registered riders of a platform within an area as of a date by the targeted population of ride-hailing services within the same area as of the same date, which is calculated by multiplying the total resident population of that area as of that date by the percentage of the population between the ages of 15 and 59
“Vehicle to everything” or “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
“VMS”	vehicle management system, one of the three core modules under our proprietary open Robotaxi operation technology platform
“Wide & Deep”	jointly trained wide linear models and deep neural networks

FORWARD-LOOKING STATEMENTS

This Prospectus includes forward-looking statements. All statements other than statements of historical facts contained in this Prospectus, 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 industries and markets in which we operate or into which we intend to expand;
- our business operations and prospects;
- our capital expenditure plans;
- the actions and developments of our competitors;
- our financial condition and performance, including revenues, 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 industries and markets in which we operate;

FORWARD-LOOKING STATEMENTS

- 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 Prospectus. 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 Prospectus. 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 Prospectus might not occur. All forward-looking statements contained in this Prospectus are qualified by reference to the cautionary statements set out in this section.

RISK FACTORS

An investment in our Shares involves significant risks. You should carefully consider all the information in this Prospectus, 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 have a material adverse effect on our business, financial condition and results of operations. In any such case, the market price of our Offer Shares could decline, 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 Prospectus.

RISKS RELATING TO OUR BUSINESS AND INDUSTRY

The ride-hailing industry is highly competitive, and we may be unable to compete effectively.

The ride-hailing market is intensely competitive and characterized by rapid changes in shifting user preferences, and frequent introductions of new services and offerings. We expect competition to continue, both from current competitors and new entrants in the market that may be well-established and enjoy greater resources or other strategic advantages. In addition, within the ride-hailing industry, the cost to switch between service providers is low. Riders have a propensity to shift to the lowest-cost or highest-quality provider, and drivers have a propensity to shift to the platform with higher earnings potential. If we are unable to anticipate or react to these competitive challenges, our competitive position may weaken, or fail to improve, and we may experience growth stagnation or even a decline in revenue that may materially and adversely affect our business, results of operations and financial condition.

Our ability to compete effectively depends upon many factors both within and beyond our control, including, among others, (i) our ability to attract and retain riders and drivers, especially our ability to offer them competitive pricing; (ii) our ability to provide superior user experience; (iii) our reputation and brand strength relative to our competitors; (iv) our ability to attract, retain and motivate talented employees; (v) our ability to raise additional capital; and (vi) acquisitions or consolidation within our industry.

Certain of our competitors have greater financial, technical, marketing, research and development, manufacturing and other resources, greater brand recognition, longer operating histories or a larger user base than we do. They may be able to devote greater resources to sales and marketing to offer lower prices than we do, which may adversely affect our results of operations. Furthermore, they may have greater resources to deploy for the research, development and commercialization of new technologies, and hence provide more appealing

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service options. In addition, our competitors in certain geographic markets enjoy substantial competitive advantages such as greater brand recognition, longer operating histories, better localized knowledge and more supportive regulatory regimes. As a result, such competitors may be able to respond more quickly and effectively than us in such market to new or changing opportunities, technologies, rider preferences, regulations, or standards, which may render our offerings less attractive. Our current and potential competitors may also establish cooperative or strategic relationships among themselves or with third parties that may further enhance their resources and offerings. Future competitors may share the benefit of any regulatory or governmental approvals we may achieve, without having to incur the costs we have incurred to obtain such benefits.

Demand for ride-hailing services is generally sensitive to ride fares. Some competitors offer, or may in the future offer, lower-priced services. Certain competitors may also attract and retain riders and drivers with significant subsidies. As such, we may be forced by competition, regulation or other reasons to reduce ride fares and service fees, increase incentives we pay to drivers on our platform, reduce our service fees, or to increase our marketing and other expenses.

In addition, there are some disruptive innovation opportunities in the ride-hailing industry, such as autonomous driving and Robotaxi technologies. Although we have invested, and will continue to invest in R&D efforts for such technologies, we may not be able to stay ahead of the market, which could adversely affect our prospects. See “— Risks Relating to Our Business and Industry – If we are unable to develop or manage new or upgraded services, products or technologies that are well-received by the market, our business, results of operations, financial condition and prospects may be adversely affected.”

If we are unable to compete successfully, our business, results of operations and financial condition may be materially and adversely affected.

If we are unable to attract or retain riders, our business, results of operations and financial condition may be materially and adversely impacted.

Our success in a given geographic market significantly depends on our ability to maintain or increase the scale of our network in that geographic market by attracting riders to our platform and by keeping them engaged on our platform. Our riders may choose from a wide variety of means of transportation, including personal vehicles, rental cars, public transit and ride-hailing services. Rider preferences may also change from time to time. If riders choose to use other platforms or other means of transportation, we may not generate sufficient opportunities for drivers to earn a competitive income, which may reduce the perceived utility of our platform.

Riders’ willingness to use our platform may be adversely affected by a number of factors, some of which are beyond our control, including (i) negative publicity related to our brand; (ii) dissatisfaction with one or more aspects of our services such as the efficiency, pricing, quality of service provided by drivers and quality of our customer support; and (iii) safety

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conditions of our services and the adequacy and effectiveness of our safety measures and emergency responses. If existing and new riders do not perceive our services to be reliable, safe and affordable, or if we fail to upgrade features of our platform, we may not be able to attract or retain riders or to increase their utilization of our platform. As we continue to expand into new geographic areas, we will be relying in part on the word-of-mouth effect from our existing riders to attract new riders and, therefore, our ability to consistently deliver satisfactory experience to existing riders is crucial to our growth.

Backed by our strong driver force and powered by our proprietary algorithms and data analytical capabilities, we are able to match riders' demands with available drivers in an efficient manner, and maintain a high response rate. However, if our matching algorithm fails to match riders and drivers accurately and efficiently, resulting in lower response rate, longer waiting time or inefficient route planning, user satisfaction of our services may be undermined.

In addition, riders rely on our customer service team to resolve any issues relating to our offerings, including safety incidents or irregular behaviors of the drivers. We also have a one-tap emergency assistance function in our app, which allows riders to make emergency calls to the police instantly. See "Business – Safety – Emergency Assistance." However, we cannot assure you that such assistance will always be able to solve issues in a manner satisfactory to our riders.

As we continue to grow our business and improve our offerings, we may face challenges in providing satisfying user experience at scale. Our failure to do so could harm our relationships with riders and make our platform less attractive than our competitors' platforms, which may materially and adversely affect our ability to attract and retain riders. As a result, our business, results of operations and financial condition may be materially and adversely affected.

If we are unable to attract or retain drivers, our platform will become less appealing to riders, and our business, results of operations and financial condition may be materially and adversely impacted.

Our success in a given geographic market also depends on our ability to maintain or increase the scale of our network in that geographic market by attracting and retaining drivers on our platform. The number of existing drivers or their level of engagement on our platform may materially decline or fluctuate as a result of a number of factors, including the passing of local laws and regulations limiting our service and product offerings, dissatisfaction with our driver pricing model, ability to prevent and manage safety incidents, the availability of competing platforms, or other aspects of our business. We may also experience driver supply constraints caused by various regulatory or commercial reasons in the geographic markets where we operate, which are generally beyond our control, and hence fail to efficiently recruit new drivers. We take measures to attract and retain our drivers, including providing a competitive pricing and settlement mechanism, various logistics assistance, ongoing trainings and consultations, but we cannot guarantee that our efforts will be effective or economically efficient. In addition, changes in driver qualification requirements may increase our costs and

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reduce our ability to recruit new drivers to our platform. Any changes in the legal requirements for their qualification, screening, and background check procedure may reduce the number of available drivers in the relevant markets and delay our effort in ramping up our service capacity by expanding our driver force, which may adversely impact our business and growth. Any compromises or breaches of safety, privacy and security conditions of our platform, as well as fraud and other user misbehaviors may render our platform less convenient or accessible for some drivers and discourage or diminish their use of our platform.

Further, increases in the costs incurred by drivers could cause drivers to spend less time providing services on our platform or to seek alternative sources of income. Factors such as inflation, increased energy prices, and increased vehicle purchase, rental, or maintenance costs may increase the costs incurred by drivers when providing services on our platform. Many of the factors affecting drivers' costs are beyond their control. As a result, we may be forced to raise the fees we charge riders, and hence risk reducing the competitiveness of and the market demand for our services. Increased costs may also cause drivers to spend less time providing services on our platform or to seek alternative sources of income. A reduced number of drivers on our platform may reduce our service capacity, and adversely affect our business, results of operations and financial condition.

Any reduction in the number or availability of drivers may lead to a reduction in platform usage by riders, which in turn may make our platform less attractive to drivers than our competitors' platforms. Any decline in the number of drivers or riders using our platform may reduce the value of our network and may harm our business, results of operations and financial condition.

We generate a significant percentage of our transactions from the Greater Bay Area, especially in Guangzhou. If our operations in the Greater Bay Area are adversely affected, our business, results of operations, financial condition and prospects may be materially and adversely impacted.

In terms of GTV in 2023, the GBA represented 15.2% of the total market share in China's mobility service market. In line with the overall competitive landscape of China's mobility service market, the leader in the GBA has a significant market leadership. In terms of GTV in 2023, GBA's largest mobility service platform represented 56.5% of the market share in GBA's mobility service market, significantly ahead of our 5.6% market share as GBA's second-largest platform. This dominance is primarily attributed to its early market entry, expansive coverage, significant user base and evident first-mover advantage, according to Frost & Sullivan. In 2021, 2022 and 2023, our mobility service GTV generated from the Greater Bay Area accounted for 99.9%, 99.3% and 95.3% of our total mobility service GTV. In 2021, 2022 and 2023, revenue generated from ride-hailing services in Guangzhou amounted to RMB714.7 million, RMB767.9 million and RMB953.1 million, respectively, representing 71.1%, 61.7% and 52.6% of the total revenue from ride-hailing services, respectively. As a result of our geographic concentration, our business, results of operations and financial condition are susceptible to economic, social, weather and regulatory conditions or other circumstances in the Greater Bay Area. An economic downturn, increased competition, or regulatory

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requirements newly promulgated in any of the cities in the Greater Bay Area where we operate may adversely affect our business, results of operations and financial condition. Furthermore, if we are unable to renew existing licenses or permits, or do not receive new licenses or permits in the Greater Bay Area cities where we operate or such licenses or permits are terminated, our business may be adversely impacted. In addition, any negative publicity concerning any such termination or non-renewal, may adversely affect our business, results of operations and financial condition.

If we cannot efficiently expand our geographic reach and promote the public awareness of our offerings, our business, results of operations, financial condition and prospects may be materially and adversely impacted.

We have expanded our business primarily through our geographical expansion strategy, centered on major cities in the Greater Bay Area, and we may further expand into other cities and regions within or outside the Greater Bay Area in the future. However, our current operating experience in cities in the Greater Bay Area may not be replicable in other cities and regions within or outside the Greater Bay Area due to objective reasons beyond our control, such as differences in user profile, per capita disposable income and urbanization rates. New cities and regions may have different laws and regulations governing our operations, and we may therefore need to incur significant compliance costs, adjust our operations or be prevented from providing our services. We may also face intense competition in the new markets and cannot guarantee that our service will be competitive and well received by users. We may also experience difficulties in recruiting and retaining drivers in the new markets, which may significantly restrict our ability to scale up our network. We may also not be able to expand into other cities and regions in a cost-efficient manner, or at all.

Promoting public awareness of our offerings is important to grow our business and enlarge our user base, and can be costly. We rely on various measures to promote our services, combining online and offline channels. Our selling and marketing expenses were RMB264.7 million, RMB231.4 million and RMB218.9 million in 2021, 2022 and 2023, respectively, representing 26.1%, 16.9% and 10.1% of our total revenue in the same periods, respectively. In addition, we sometimes lower fares or service fees, offer driver or rider incentives or other discounts and promotions to remain competitive in certain markets and generate network scale and liquidity, and may continue to offer these discounts from time to time as necessary. Our marketing initiatives may become increasingly costly, and we cannot guarantee that such investment will continue to generate ideal returns. We also cannot assure you that our marketing efforts will always be successful in promoting public awareness of our offerings, expanding our user base and increasing our users' level of engagement, or that if we are able to cost-effectively manage our marketing expenses.

Any of the foregoing risks could materially and adversely affect our business, results of operations and financial condition.

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The market where we operate is still evolving. If the market does not grow as expected, our business, results of operations, financial condition and prospects may be materially and adversely affected.

The market where we operate is still evolving, and it is uncertain to what extent market acceptance and demand for our services will continue to grow.

Our success largely depends on the market demand for our services. If the general public does not perceive ride-hailing services and innovative service options such as Robotaxi, as desirable due to concerns related to safety, cost or efficiency, the demand for our service may be materially and adversely impacted. Furthermore, the regulatory environment in the PRC and the industry has been undergoing a number of changes and reforms in various areas in recent years, including, among others, cybersecurity, information security, privacy and data security, and anti-monopoly matters. See “Business – Regulatory Landscape and Industry Development.” We cannot assure you that the regulators will not impose stricter requirements on, or there will not be significant changes or reforms in, the mobility service industry, especially the emerging innovative service options such as autonomous driving and Robotaxi. The market prospects may be materially and adversely affected and, accordingly, we may experience revenue reduction. Ride-hailing service also may face challenges brought by alternative mobility options such as railways and air travel which may be perceived by the general public as having superior efficiency or safety. Any of the foregoing risks and challenges may materially and adversely affect our business, results of operations, financial condition and prospects.

We are required to obtain and maintain the requisite licenses and approvals, and if we are required to take actions that are time-consuming or costly in order to obtain and maintain such requisite licenses and approvals, our business, results of operations and financial condition may be materially and adversely affected.

We are required to obtain ride-hailing business permits in the cities where we operate our ride-hailing services. In addition, specific licenses and permits are also required for drivers and vehicles on our platform engaged in ride-hailing business. See “Regulatory Overview – Regulation Relating to Ride-Hailing Services.” During the Track Record Period and up to 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. For a period of time during the Track Record Period, we might have been deemed to provide payment services without a payment business permit. See “Risk Factors – We might have been deemed to provide payment services without a payment business permit for a period of time during the Track Record Period.” We cannot assure you that we can successfully update or renew all requisite licenses in a timely manner or that these licenses are sufficient to conduct all of our present or future business. Our platform is required to obtain the requisite licenses, and our operations are required to be in compliance with the relevant regulations, otherwise we may be required to suspend our operations, which may cause a significant loss of users and materially and adversely affect our business, results of operations

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and financial condition. We are required to complete, obtain or maintain any of the required licenses or approvals or make the necessary filings, otherwise we may be subject to various activities, including the imposition of fines and the discontinuation or restriction of our operations.

In addition, we generally require the drivers to meet certain criteria, including a minimum of three years of driving experience and no transport or driving related or violent criminal record, and pass the relevant examinations before they can obtain the driver's license required for providing ride-hailing services in China. Although we have procedures to screen out drivers who do not meet the criteria, not all drivers on our platforms have completed the process to obtain the requisite licenses in each city where we operate. See "Business – Legal Proceedings and Compliance – Compliance." Based on the information available to us, we believe that drivers who have obtained the requisite driver's license for providing ride-hailing services account for the vast majority of the total ride-hailing transaction value on our platform.

Moreover, vehicles used for ride-hailing services in China must satisfy certain conditions in order to obtain the requisite transportation permit, including installing a satellite navigation system and emergency alarm devices, and meeting certain operational safety criteria. Partly due to new and evolving practices in granting transportation permits in different cities, a limited number of vehicles on our platform may not have the requisite transportation permit. Platforms like ours may be subject to administrative penalties including orders of correction and fines, if vehicles or drivers providing ride-hailing services do not have the requisite license or permit. We had administrative penalties imposed on us for these types of non-compliance and cannot assure you that we will not be subject to further such fines, penalties or more severe administrative actions or proceedings in the future. See "Business – Legal Proceedings and Compliance – Compliance." We as well as drivers and vehicles on our platform are required to obtain or maintain any required licenses, permits or approvals or make any necessary filings in a timely matter or at all, otherwise we may be subject to a variety of penalties, including fines or potentially being forced to suspend, terminate or significantly reduce our operations in the city or jurisdiction. Any such penalties may disrupt our business operations and materially and adversely affect our business, results of operations and financial condition.

We might have been deemed to provide payment services without a payment business permit for a period of time during the Track Record Period.

For a period of time during the Track Record Period, we might be deemed to have provided payment services without a payment business permit, since we deposited payments made by our riders through our mobile apps and our Weixin Mini Program for our hitch services provided by drivers in our own bank account and settled such payments with drivers. In each year of the Track Record Period, the revenue generated from such payment services represented less than 1% of our total revenue in the respective periods.

Non-financial institutions are required to obtain a payment business permit to provide payment services. See "Regulatory Overview – Regulation Relating to the Payment Services and User Funds." According to Measures for the Administration of Payment Services of

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Non-Financial Institutions (《非金融機構支付服務管理辦法》) which were promulgated by the PBOC on June 14, 2010, effective from September 1, 2010 and amended on April 29, 2020, if a paying institution fails to obtain relevant permit, the PBOC may order the institution to terminate the payment business, and could be imposed with fines of more than RMB10,000 but less than RMB30,000 for the failing to handle record-filing procedures. During the Track Record Period and up to the Latest Practicable Date, insofar as we are aware, we had not received penalty in connection with any purported operations of payment and settlement services without a payment business permit or otherwise in violation of the relevant rules and regulations. In March 2023, we entered into a cooperation agreement with a licensed commercial bank to deposit and settle payments for drivers providing hitch services to manage the above-mentioned risk. As advised by our PRC Legal Advisor, considering the fact that (i) we have not been subject to any penalty in connection with any purported operations of payment and settlement services without a payment business permit; (ii) we have rectified by entering into cooperation agreement with licensed commercial bank in March 2023; and (iii) it only involved orders fulfilled by drivers of our hitch services, accounting for an insignificant portion of our total mobility service orders, there is no material non-compliance of us providing such payment services.

We are required to comply with and respond to developments of the regulations or licensing regimes regarding the market where we operate, otherwise our business, results of operations and financial condition may be materially and adversely affected.

The market where we operate is undergoing constant regulatory developments. On July 27, 2016, the MOT, the Ministry of Industry and Information Technology, the Ministry of Public Security, the Ministry of Commerce, State Administration for Industry and Commerce, General Administration of Quality Supervision and the Cyberspace Administration of China, jointly promulgated the Interim Measures for the Management of Online Ride-Hailing Operation and Service (《網絡預約出租汽車經營服務管理暫行辦法》), which took effect on November 1, 2016 with the first amendment on December 28, 2019 and the second amendment on November 30, 2022. The measures were promulgated to regulate the business activities of ride-hailing services and to ensure the safety of passengers by establishing a regulatory system for the platforms, vehicles and drivers engaged in ride-hailing services. On September 10, 2018, the General Office of the MOT and the General Office of the Ministry of Public Security jointly published the Emergency Notice on Further Strengthening the Safety Management of the Online Ride-Hailing and Hitch of Private Vehicles (《關於進一步加強網絡預約出租汽車和私人小客車合乘安全管理的緊急通知》) to enhance the background checks of drivers engaged in ride-hailing and hitch of private vehicles, urge the relevant service providers to fulfill their responsibilities in work safety management, and procure sound complaint procedures and emergency alarm systems and quick response systems. Platforms are prohibited from allocating any orders to drivers who have not passed the background check. See “Regulatory Overview – Regulation Relating to Ride-Hailing Services” and “Regulatory Overview – Regulations Relating to Hitch Services.”

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In addition, local authorities in various localities in China have promulgated rules to regulate and monitor platforms operating ride-hailing services. See “Regulatory Overview – Regulation Relating to Ride-Hailing Services.” As such rules may be constantly evolving and would be interpreted or implemented on an ad hoc basis depending on the facts and circumstances, we cannot assure you that we are always deemed in full compliance with these local rules and we have been, and may continue to be, subject to claims, lawsuits, arbitrations, administrative actions, government investigations and other legal and regulatory proceedings, which may in turn materially and adversely affect our business, results of operations and financial condition.

An evolving market may also bring forth significant evolvments in the laws and regulations and in the regulatory landscape. The PRC government may increase the level of regulatory scrutiny on all mobility platforms, including ride-hailing platforms. We cannot predict with certainty the interpretation or implementation of current laws and regulations or their future evolvment. We are required to adapt to such evolvments timely and effectively, and we may incur significant compliance costs in this process. Any heightened regulatory scrutiny or action may impose conflicting obligations on us, which may impede our ability to continue our operations and, in turn, materially and adversely affect our business, results of operations and financial condition.

Any significant disruption in service on our platform, malfunctions of our technology systems, errors and quality issues in our software, hardware and systems, or human errors in operating these systems, could materially and adversely affect our business, results of operations and financial condition.

Our business depends on the ability of our information technology systems to process massive amounts of information and transactions in a consistently stable and timely manner. The satisfactory performance, reliability and availability of our technology and underlying network infrastructure are critical to our operations, service quality, reputation and ability to retain and attract users. We cannot guarantee that access to our platform will be uninterrupted, error-free or secure. Our operations depend on the ability of the host of our system hardware to protect its and our systems in its facilities against damage or interruption from natural disasters, power or telecommunications failures, air quality, temperature, humidity and other environmental concerns, computer viruses or criminal acts. If our arrangement with the current host is terminated, or there is a lapse of service or damage to the host’s facilities, we could experience interruptions in our service as well as delays and incur additional expenses in arranging new facilities. In the event of a partial or complete failure of any of our computer systems, our business activities may be materially disrupted. In addition, a prolonged failure of our information technology system could damage our reputation and materially and adversely affect our prospects and results of operations.

We may experience system failures and other events or conditions from time to time that interrupt the availability or reduce or affect the speed or functionality of our offerings. These events could result in losses of our revenue. A prolonged interruption in the availability or reduction in the availability, speed or other functionality of our services could adversely affect

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our business and reputation and could result in the loss of users. Also, our software, hardware and systems may contain undetected errors, that could materially and adversely affect our business, particularly where such errors are not timely detected and remedied. In addition, our platform and services use complex software, and may have coding defects or errors that may impair our users' ability to use our platform and services. The models and algorithms that we use for our platform and services may also contain design or performance defects that are not detectable even after extensive internal testing. We cannot assure you that we will be able to detect and resolve all such defects and issues through our quality control measures.

Any errors, defects and disruptions in services, or other performance problems with our platform and services could hurt our reputation, affect user experience or cause economic loss or other types of damage to our users. Software and system errors or human errors could delay or inhibit order dispatching, route calculation, settlement of payments, and reporting of errors, or prevent us from collecting service fees or providing services. Such issues could result in liabilities and losses, which could materially and adversely affect our business, results of operations and financial condition. In addition, if we fail to adopt new technologies or adapt our mobile apps, websites and systems to changing user preferences or emerging industry standards, our business and prospects may be materially and adversely affected.

If we are unable to develop or manage new or upgraded services, products or technologies that are well-received by the market, our business, results of operations, financial condition and prospects may be adversely affected.

To continue to attract and retain drivers and riders to our platform, we have invested and will need to continue to invest in the R&D of new or upgraded services, products and technologies that add value for them and that differentiate us from our competitors. Developing and delivering new or upgraded services, products and technologies is costly, and the success of such services, products and technologies depends on several factors, including the timely completion, introduction, government regulation and market acceptance of such services, products and technologies. Moreover, any such new or upgraded services, products, or technologies may not work as intended or may not provide the intended value to drivers or riders.

Our R&D initiatives have inherent risks, as each involves newly emerging industries and unproven business strategies and technologies with which we may have limited or no prior development or operating experience. New technologies and offerings may encounter additional expenses, regulatory challenges and market skepticism, some of which we do not currently anticipate. There can be no assurance that demand for such initiatives will exist or be sustained at the levels that we anticipate, or that any of these initiatives will gain sufficient traction or market acceptance to generate sufficient revenues to offset the expenses or liabilities associated with these new investments.

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With our relentless R&D efforts including commitment to R&D investments, strong R&D talent pool and partnership with industry participants, we have achieved crucial technology advancements supporting our services and solutions. In particular, we have invested, and may continue to invest, substantial resources in Robotaxi technologies. We believe that Robotaxi may help us further reduce the service costs and achieve higher standards in transportation safety. However, we cannot guarantee that we will be able to deliver safe, efficient, competitive and economically viable Robotaxi services that are well-received by the market. Robotaxi technologies are still developing and involve significant risks and uncertainties, including but not limited to: (i) the regulatory landscape for autonomous vehicles is still evolving, and the lack of a harmonized regulatory framework may result in delays or restrictions in the deployment of our Robotaxi services in certain markets; (ii) if customers do not trust or are not comfortable with autonomous vehicle technology, the demand for our services may be lower than expected; (iii) the competitive landscape is rapidly changing, with numerous companies investing in autonomous vehicle technology, and we may face significant competition from established automotive manufacturers, technology firms and other mobility service providers; and (iv) the technology underlying our Robotaxi services is complex and may require more time and investment to reach the level of safety and reliability required for public acceptance and regulatory approval. There is no guarantee that we will be able to commercialize our Robotaxi services within the projected timelines or at all. Any accidents or failures in the commercial application of autonomous driving technologies in general, even those not related to us, may cause negative publicity, damage customer confidence and may also lead to heightened regulatory scrutiny. Accidents, failures or setbacks involving our autonomous driving and Robotaxi technologies may result in substantial liabilities and damage our brand image, and therefore materially and adversely affect our business, results of operations and financial condition.

It is also possible that service and product offerings developed by others will render our service and product offerings noncompetitive or obsolete. Furthermore, our R&D efforts with respect to new products, offerings and technologies could distract management from current operations, and will divert capital and other resources from our more established products, offerings and technologies. If we do not realize the expected benefits of our investments, our business, results of operations, financial condition and prospects may be harmed.

If we are unable to continue to develop or manage new or upgraded services, products and technologies, or if drivers or riders do not value them or perceive their benefit, then drivers or riders may choose not to use our platform, which may adversely affect our business, results of operations, financial condition and prospects.

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If we fail to address the safety concerns related to our services or inappropriate user activities, our business, results of operations and financial condition may be materially and adversely affected.

We rely heavily on our ability to maintain a high level of safety of our services, as well as the public perception of the level of safety on our platform to attract and retain riders and drivers.

Safety incidents associated with our or our competitors' services or otherwise may attract public attention, harm our reputation, invite government scrutiny, and lead to demands for restrictions to be placed on our business. We have an extensive array of safety protocols to cover risks before, during and after each ride, and a dedicated dispute resolution process. Our measures to ensure and enhance compliance rate and safety of our services include identity, qualification and background check, emergency assistance, audio and video recording, "Qi Cube" – safety monitoring, and driver rating and training. See "Business – Safety." However, our screening procedures may fail, or the databases on which we rely to identify past problematic behavior may be incorrect or incomplete, or safety incidents may be caused by drivers or riders with no past history of problematic behavior. Deaths or injuries, whether the result of accidents or crimes, may affect the public perception of mobility services that is disproportionate to their statistical likelihood compared to other means of transportation. Furthermore, public perception and regulatory scrutiny of the safety of ride-hailing or other mobility services in general may be influenced by safety incidents that occur on other platforms unrelated to ours, which may divert our management's time and attention from business operations and adversely impact our reputation. In addition, the development of Robotaxi technology is still at an early stage, and if we are unable to maintain optimal safety conditions in the testing operation and commercial operation of Robotaxi services, our riders and drivers may suffer property damage or physical injury, and the market reception of Robotaxi may be adversely affected. In the event that we are not able to prevent or mitigate safety incidents, our business, results of operations and financial condition may be materially and adversely affected.

Illegal, improper or otherwise inappropriate activities by drivers, riders or other users, including the activities of individuals who may have previously engaged with our platform but do not subsequently receive or provide services offered through it, or individuals who intentionally impersonate users of our platform, may adversely affect our brand, business, results of operations and financial condition. These activities may include assault, abuse, theft and other misconduct. While we have implemented various measures intended to anticipate, identify and address the risk of these types of activities, these measures may not adequately address or prevent all illegal, improper or otherwise inappropriate activities by these parties. Such conduct may expose us to liability or adversely affect our brand or reputation. At the same time, if the measures we have taken to guard against these illegal, improper or otherwise inappropriate activities are too restrictive and inadvertently prevent or discourage drivers or riders from remaining engaged on our platform, or if we are unable to implement and communicate these measures fairly and transparently or are perceived to fail to do so, the growth and retention of the number of drivers and riders on our platform and their utilization

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of our platform may be adversely impacted. Furthermore, any negative publicity related to the foregoing, whether such incident occurred on our platform or on our competitors' platforms, may adversely affect our reputation and brand or public perception of ride-hailing and other mobility services in general, which could adversely affect demand for platforms like ours, and potentially lead to increased regulatory or litigation exposure.

Any of the foregoing risks could harm our business, results of operations and financial condition.

Our limited operating history and our evolving business make it difficult to evaluate our prospects, and our historical growth may not be indicative of our future performance.

We started our ride-hailing service in 2019, and our business continues to evolve. We launched our hitch service in 2020, commenced the process of development and commercialization for Robotaxi in 2021, and we commenced our automobile service business in April 2022. See "Business – Our Service Offerings." We regularly introduced new platform features, offerings and services and experienced rapid growth. However, our historical growth may not be indicative of our future performance and we cannot assure you that our historical growth will be sustainable or achievable in the future.

Our limited operating history and evolving business make it difficult to evaluate our prospects and the risks and challenges we may encounter. These risks and challenges include our ability to:

- forecast our revenues and budget for and manage our expenses;
- attract new drivers and riders and retain existing drivers and riders in a cost-effective manner;
- comply with existing and new laws and regulations;
- anticipate and respond to macroeconomic changes and changes in the markets in which we operate;
- successfully expand our geographic reach and overcome challenges particular to new geographical markets;
- hire, integrate and retain talented people at all levels of our organization;
- successfully develop new platform features, products and services to enhance the experience of riders;
- anticipate and adapt to evolving market conditions, including technological developments and changes in the competitive landscape; and

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- effectively deal with outbreak of health pandemics, natural disasters and other calamities, such as COVID-19.

If we fail to address the risks and difficulties that we face, our business, results of operations and financial condition may be adversely affected.

Misconduct and errors by our employees could harm our business and reputation.

We operate in an industry in which integrity and the confidence of our riders and drivers are critically important. We are subject to the risk of errors, misconduct and illegal activities by our employees. Errors, misconduct and illegal activities by our employees, or even unsubstantiated allegations of them, could materially and adversely affect our business and reputation.

It is not always possible to identify and deter misconduct or errors by employees, and the precautions we take to detect and prevent this activity may not be effective in controlling unknown or unmanaged risks or losses. If any of our employees engages in illegal or suspicious activities or other misconduct, we could suffer economic losses and may be subject to regulatory sanctions and significant legal liability, and our financial condition or ability to attract new riders and drivers may be adversely affected as a result. If any sanction was imposed against an employee during his or her employment with us, even for matters unrelated to us, we may be subject to negative publicity which could adversely affect our brand, public image and reputation, as well as investigations or claims against us. We could also be perceived to have facilitated or participated in the illegal activities or misconduct, and therefore be subject to civil or criminal liability.

If we fail to maintain and enhance our brand image and generate positive publicity, our business, results of operations and financial condition could be materially and adversely affected.

The recognition and image of our brand and the successful maintenance and enhancement of our brand and reputation have contributed, and will continue to contribute, to our success and growth. Any negative perception and publicity about us, our substantial Shareholders, Directors, senior management, affiliates, employees, business partners and the services we provide, whether justified or not, could tarnish our reputation and reduce the value of our brand. In addition, our competitors may fabricate complaints or negative publicity about us. With the increased use of social media, negative publicity can be disseminated quickly and broadly, making it increasingly difficult for us to respond and mitigate effectively. Moreover, we are subject to negative publicity about drivers using our platform, whose activities could be beyond of our control. Negative public perception that drivers on our platform do not provide satisfactory services, even if factually incorrect or based on isolated incidents, could undermine the trust and credibility we have established and adversely impact our ability to attract and retain users.

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We depend on the availability and quality of certain third-party offerings. Should there be any disruption in their supply, our business and results of operations may be adversely affected.

Our success depends in part on our relationships with certain third-party service providers. We rely on car partners in the recruitment and management of drivers using our platform, and outsource certain fleet sale and maintenance to qualified third-party suppliers. The convenience and cost savings afforded to drivers and value-added services afforded to car partners by these fleet sale and maintenance are key to our ability to attract and retain drivers and car partners. Certain software and technologies used in our operation and offerings are also sourced from third parties. For example, certain mapping functions employed by our platform are licensed to us by a third party, and it is possible that such mapping functions may not be consistently reliable. We also rely on third-party payment processors, such as commercial banks, Alipay and WeChat Pay, to process payments made by our riders and payments made to drivers on our platform and may in the future offer new payment options to riders that may be subject to additional regulations and risks. Furthermore, from time to time, we may enter into strategic partnerships with third parties in connection with the development of new technologies, the growth of our user base, the provision of new or upgraded services, or the expansion of our business into new markets.

If any of our partners terminates its relationship with us or refuses to renew its agreement with us on commercially reasonable terms, or its performance does not meet our expectations, we would need to find an alternative provider, and may not be able to secure similar terms or replace such provider in an acceptable timeframe. We may also incur increased costs for renewing labor outsourcing agreements due to overall tightening of the labor market or any possible labor unrest. Any of these risks could increase our costs and adversely affect our business, results of operations and financial condition.

Furthermore, any negative publicity related to any of our third-party partners, including any publicity related to quality standards or safety concerns, could adversely affect our reputation and brand, and could potentially lead to increased regulatory or litigation exposure. In addition, our third-party service providers may be subject to regulatory actions from time to time. Any of the foregoing could adversely affect their relationships with us and undermine their ability to deliver satisfactory services, which, in turn, could adversely affect our business, results of operations and financial condition.

Certain technologies and software are licensed to us. However, we cannot be certain that our licensors are not infringing the intellectual property rights of others or that the suppliers and licensors have sufficient rights to the technology. If any of our license agreements is terminated by our licensors for any reason, if we are unable to obtain or maintain rights to any technology because of intellectual property infringement claims brought by third parties against our suppliers and licensors or against us, or if we are unable to continue to obtain the technology or enter into new agreements on commercially reasonable terms, our relevant operation may be restricted or suspended.

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In addition, our platform, accessible primarily through our mobile apps, relies on third parties maintaining open application marketplaces, including the Apple App Store and various Android application markets in China. These marketplaces make applications available for download. We cannot assure you that the services of such marketplaces will remain stable, and that they will continue to make available our apps without charging fees or imposing other restrictions.

Our business could be adversely affected by natural disasters, public health crises such as the COVID-19 pandemic, political crises, economic downturns or other unexpected events.

A significant natural disaster, such as an earthquake, fire, hurricane, tornado, flood or significant power outage, could disrupt our operations, mobile networks, the internet or the operations of our third-party technology providers. In addition, any further outbreaks of COVID-19 or other unforeseen public health crises, or political crises, such as terrorist attacks, war and other political instability, or other catastrophic events, whether in China or abroad, could adversely affect our operations or the economies of the industries in which we operate, or make the geographic markets in which we operate less desirable places to live, work and socialize. The impact of any natural disaster, act of terrorism or other disruption to us or our third-party providers' abilities could result in decreased demand for our offerings or a delay in the provision of our offerings, which could adversely affect our business, results of operations and financial condition. All of the aforementioned risks may be further increased if our disaster recovery plans prove to be inadequate. Disruptions or downturns in global or national or local economic conditions may cause discretionary spending and demand for ride-hailing and other mobility services in general to decline.

Termination or deterioration of our partnerships or cooperation with business partners, associations, or regulators may adversely affect our business.

We collaborate with business partners in certain aspects of our business. For example, we partner with leading industry participants in the R&D of autonomous driving and Robotaxi technologies. See "Business – Our Service Offerings – Mobility Services – Robotaxi" and "Business – Our Service Offerings – Fleet Sale and Maintenance." We select third-party business partners that we work with based on a range of criteria, including their demonstrated competence, market reputation and our prior relationship with them. We also work with industry associations and regulators in other operations including smart transportation. We cannot guarantee that we can maintain sound relationships with these partners under favorable terms, if at all. If our partnerships, cooperation or communications with business partners, industry associations, or regulators is terminated, curtailed or otherwise impaired, our business, results of operations and financial condition could be adversely affected.

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The successful operation of our business depends upon the performance and reliability of internet, mobile and other infrastructures that are not under our control.

Our business depends on the performance and reliability of internet, mobile and other infrastructures that are not under our control. Disruptions in internet infrastructure or GPS signals or the failure of telecommunications network operators, cloud service providers and other third-party providers of network services that provide us with the bandwidth we need to provide our service and product offerings could interfere with the performance and availability of our platform. If our platform is unavailable when riders attempt to access it, or if our platform does not load as quickly as users expect, users may not return to our platform as often in the future, or at all. In addition, we have no control over the costs of the services provided by national telecommunications operators. If mobile internet access fees or other charges to internet users increase, user traffic may decrease, which may in turn cause our revenues to significantly decrease.

We primarily rely on a limited number of telecommunication service providers to provide us with data communications capacity through local telecommunications lines and internet data centers to host our servers. There is no assurance that we can find alternative networks or services in the event of disruptions, failures or other problems with internet infrastructure or the fixed telecommunications networks provided by telecommunication service providers. With the expansion of our business, we may be required to upgrade our technology and infrastructure to keep up with the increasing traffic on our platform. We cannot assure you that the internet infrastructure and the fixed telecommunications networks provided by telecommunication service providers will be able to support the demands associated with the continued growth in internet usage.

Our business also depends on the efficient and uninterrupted operation of mobile communications systems. The occurrence of power outages, telecommunications delays or failures, security breaches, or computer viruses could result in delays or interruptions to our products, offerings and platform, as well as business interruptions for us and for drivers and riders. Any of these events could damage our reputation, significantly disrupt our operations, and subject us to liability, which could adversely affect our business, results of operations and financial condition.

We may be involved in legal and other disputes from time to time arising out of our operations, which, with or without merit, could be time-consuming and costly, divert our management's attention and resources, and adversely affect our reputation, business, results of operations and financial condition.

We may be involved in legal and other disputes arising from our ordinary course of business. We may also be subject to claims, lawsuits, investigations and other legal proceedings relating to injuries to, or deaths of, users on our platform or third parties that are attributed to us through our offerings. In addition, we may be subject to claims alleging that we are directly or vicariously liable for the acts of drivers on our platform. We cannot assure you that we will not be named as a co-defendant in lawsuits filed against our users in the future,

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or that we will not be subject to joint and several or other liabilities resulting from relevant legal proceedings. During the Track Record Period and up to the Latest Practicable Date, we had not been a party to any material legal, arbitral or administrative proceedings, and were not aware of any pending or threatened legal, arbitral or administrative proceedings against us or our Directors that could, individually or in the aggregate, have a material adverse effect on our business, financial condition and results of operations. See “Business – Legal Proceedings and Compliance – Legal Proceedings.” Although we plan to defend our interests in any legal proceedings that may arise in the ordinary course of our business, we may incur judgments or enter into settlements of claims that could adversely affect our reputation, business, results of operations and financial condition.

Additionally, if we are involved in any legal proceedings, our management’s time and efforts could be diverted from the operation of our business to pursue or defend the legal proceedings, and our insurers may also increase our insurance premiums. Furthermore, any litigation, arbitration, legal or contractual disputes, investigations or administrative proceedings which are initially not of material importance may escalate and become important to us, due to a variety of factors, such as the facts and circumstances of the cases, the likelihood of loss, the monetary amount at stake and the parties involved. If any verdict or award is rendered against us or if we settle with any third parties, we could be required to pay significant monetary damages, assume other liabilities and even to suspend or terminate the related business contracts. In addition, negative publicity arising from litigation, arbitration, legal or contractual disputes, investigations or administrative proceedings may damage our reputation and adversely affect the image of our brands. These may adversely affect our results of operations and financial condition. If we fail to claim or defend any legal proceedings on a timely basis, or fail to settle such legal proceedings on commercially reasonable terms, or the damages that we may be held liable to pay in respect of such legal proceedings are not adequately covered by our insurance policies, our business and results of operations may be adversely affected.

Our business involves collection, storage, processing and transmission of a large amount of data and may be subject to complex and evolving regulations and oversight related to cybersecurity, information security, privacy and data security.

Our business involves the collection, storage, processing and transmission of our users’ identification information, transaction information and other sensitive personal information. We are subject to a variety of laws and regulations regarding cybersecurity, information security, privacy and data security, including restrictions on the collection, storage and use of personal information and requirements to take steps to prevent personal information from being divulged, stolen, or tampered with.

The regulatory framework for cybersecurity, information security, privacy and data security in China is constantly evolving. See “Regulation Overview – Regulations on Privacy Protection”, “Regulation Overview – Regulations Relating to Information Security and Censorship” and “Business – Regulatory Landscape and Industry Development – Regulatory Landscape – Cybersecurity, Information Security, Privacy and Data Security.”

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For example, pursuant to the Revised Cybersecurity Review Measures (《網絡安全審查辦法》) (the “**Revised Measures**”) published on January 4, 2022 and came into effect on February 15, 2022, the competent authorities may initiate the cybersecurity review against us if the authorities believe that our data processing activities affect or may affect national security. Besides, considering that a CIIO is subject to the heightened obligation of cybersecurity protection, if we are identified as a CIIO in the future, it is likely to incur more network and data security costs to comply with the relevant regulatory requirements.

On November 14, 2021, the CAC publicly solicited opinions on the Regulations on the Administration of Cyber Data Security (Draft for Comments) (《網絡數據安全管理條例(徵求意見稿)》) (the “**Draft Cyber Data Security Regulations**”), which requires data processors to comply with certain requirements during their daily operation and further stipulates that data processors must apply for cybersecurity reviews in certain situations including any data processor intending to be listed in Hong Kong that affects or may affect national security. However, the Draft Cyber Data Security Regulations does not specify what constitutes “affects or may affect national security.” As of the Latest Practicable Date, the Draft Cyber Data Security Regulations has not been formally adopted. Given that the interpretation of activities that “affect or may affect national security” under the current PRC laws and regulations requires further clarification from the competent authorities, and the identification of CIIO and the scope of network products or services and data processing activities that affect or may affect national security are subject to further clarification and interpretation by the competent authorities, we cannot guarantee whether we will be subject to the cybersecurity review or if new rules or regulations promulgated in the future will impose additional compliance requirements on us.

The Measures for Security Assessment of Cross-border Data Transfer (《數據出境安全評估辦法》) (the “**Security Assessment Measures**”) were announced by the CAC on May 19, 2022 and went into effect on September 1, 2022. According to the Security Assessment Measures, a data processor is obligated to apply for a security assessment of its cross-border data transfer if (a) it provides important data to overseas recipients; (b) it is a CIIO, or it processes the personal information of more than one million individuals; (c) it has cumulatively exported the personal information of more than 100,000 individuals or the sensitive personal information of more than 10,000 individuals since January 1 of the previous year; or (d) it is under other circumstances where a security assessment is required by the CAC. Our daily business operations have not involved any transfer of important data or personal information to any overseas recipients during the Track Record Period and up to the Latest Practicable Date. If we engage in cross-border transfer of important data and personal information in future business activities and any of the abovementioned criteria is met, we will not be permitted to conduct relevant business activities until we have fulfilled the corresponding obligations of security assessment under the Security Assessment Measures and pass the security assessment.

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In recent years, laws, regulations and regulatory rules on personal information protection in China continue to develop and improve, with stricter compliance requirements and more refined regulatory rules for mobile internet apps. As we primarily rely on apps to provide services, the level of personal information protection and related compliance regulation measures for the apps could pose a significant impact. We, therefore, will continually pay close attention to changes in regulatory compliance requirements within this domain, closely track the possible impact of the formulation, revision and introduction of legislation in the area on its existing business operation, and earnestly and continuously conduct app compliance work by updating security technology measures and improving management in a timely manner. This will be a long-term investment which is difficult to estimate through the existing conditions. If we fail to, through technical and administrative measures, timely address or respond to the compliance issues identified by the regulator during normalized law enforcement with respect to apps, or the rectification measures fail to meet the regulatory requirements due to the limited effectiveness, we may face public criticism for infringement of personal information rights and interests. In serious circumstances, we may also be subject to administrative penalties such as forced removal of apps from app stores, service suspension or fines.

Despite our efforts to protect personal information and other confidential information, our security systems and measures may not detect and prevent all unintended leakages caused by employees' error, misconduct, mistakes or other malfeasance, or any unauthorized third parties, or fully comply with regulatory requirements. Our information technology and infrastructure may be vulnerable to cyberattacks or security breaches, and third parties may circumvent our security measures, misappropriate proprietary information and cause interruptions in our information technology systems. Unauthorized third parties may also attempt to fraudulently induce our employees, partners, users or others into disclosing usernames, passwords, payment card information or other sensitive information, or use increasingly sophisticated methods to engage in illegal activities involving personal information. In addition, users on our platform could have vulnerabilities on their own mobile devices that are entirely unrelated to our systems and platform, but could mistakenly attribute their own vulnerabilities to us or adversely affect our systems and platform.

Furthermore, credential stuffing attacks are becoming increasingly common and sophisticated actors can mask their attacks, making them increasingly difficult to identify and prevent. Any actual or perceived security breach that leads to leakage of our confidential information, even though anonymized, could still interrupt our operations, temporarily or permanently disable our platform, result in fraudulent transfer of funds, damage our relationships with users and other business partners, and subject us to legal liabilities, regulatory sanctions, financial exposure and reputational damage, any of which may materially and adversely affect our business, results of operations and financial condition. Any breach of privacy or security impacting any entities with which we share or disclose data could have similar effects. Moreover, any cyber-attacks or security and privacy breaches directed at our competitors could reduce confidence in the service industry where we operate in general and, as a result, reduce confidence in our platform.

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Additionally, defending against claims or litigation based on any security breach or incident, regardless of their merit, could be costly and divert management's attention. We cannot assure you that our insurance coverage will be adequate for data handling or data security liabilities incurred, that insurance will continue to be available to us on commercially reasonable terms, or at all, or that any insurer will not deny coverage as to any future claim. The successful assertion of one or more large claims against us that exceed available insurance coverage, or the occurrence of changes in our insurance policies, including premium increases or the imposition of large deductible or co-insurance requirements, could adversely affect our reputation, brand, business, results of operations and financial condition.

We are required to adequately address privacy concerns, and to comply with applicable privacy or data protection laws, regulations and privacy standards. If we are challenged by competent regulators, we may be subject to additional costs, liabilities, reputational damage, suspended use of our platform and harm to our business. With the promulgation of new laws, regulations and standards concerning data security and personal information protection in the future, we may incur more expenditure on the upgrading and improvement of our data security mechanisms from both technological and management aspects in order to comply with increasingly stricter requirements. We are required to comply with these laws, regulations and standards, otherwise we may be subject to fines or other penalties, which could materially and adversely affect our business, results of operations and financial condition.

We benefit from the interoperability of our platform across applications and platforms that we do not control.

Our service is also accessible on various third-party mobility service platforms in China. As our services expand and evolve, we may have an increasing number of integrations with other third-party applications and platforms. Third-party applications and platforms are constantly evolving, and we may not be able to maintain or modify our platform to ensure its compatibility with third-party offerings following developmental changes. In addition, we compete directly with third-party mobility service platforms in China, especially those operating in the GBA. Some of our competitors or technology partners may take actions which disrupt the interoperability of our platform with their own products or services, or exert strong business influence on our ability to, and the terms on which we, operate our platform.

As a result of the foregoing, we cannot guarantee that we will be able to maintain sound cooperation with third-party applications and platforms under commercially reasonable terms, if at all. If our cooperation with third-party applications and platforms deteriorates or terminates, we may experience reduced user traffic of our platform and hence our business, results of operations and financial condition may be adversely affected.

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We had gross loss, net loss and net cash outflow during the Track Record Period, and may continue to incur gross loss, net loss or have net cash outflow in the future.

We have incurred significant losses during the Track Record Period. In 2021, 2022 and 2023, we had gross loss of RMB245.1 million, RMB145.9 million and RMB150.4 million, respectively, and we had net loss of RMB684.6 million, RMB626.8 million and RMB692.8 million, respectively. We cannot assure you that we will be able to generate profits in the future. Our ability to achieve future profitability depends largely on our ability to manage our costs and expenses. We intend to control our costs and expenses but cannot assure you that we will achieve this goal. We may experience losses in the future due to our continued investments in technology, talent, driver base and service fleet expansion and other initiatives. In addition, our ability to achieve and sustain future profitability is affected by various factors, some of which are beyond our control, such as regulatory developments or competitive dynamics in the industry. In addition, we expect our costs and other operating expenses to increase as we expand our business. If our costs and operating expenses continue to increase without a commensurate increase in our revenue, we may not be able to become profitable.

Furthermore, we had net cash used in our operating activities of RMB443.0 million, RMB665.8 million and RMB583.1 million in 2021, 2022 and 2023, respectively. See “Financial Information – Liquidity and Capital Resources – Net Cash Used in Operating Activities.” Net cash outflow may require us to obtain external financing to meet our financial needs. If we are unable to do so, we may be in default of payment obligations, or unable to develop business as planned, which in turn may materially and adversely affect our business, financial condition and results of operations.

We had net current liabilities and net liabilities as of December 31, 2021, 2022 and 2023.

As of December 31, 2021, 2022 and 2023, we had net current liabilities of RMB175.9 million, RMB811.0 million and RMB1,553.5 million, respectively, and had net liabilities of RMB151.7 million, RMB749.6 million and RMB1,430.2 million, respectively. We may have net current liabilities and net liabilities in the future. Having significant net current liabilities and net liabilities could constrain our operational flexibility and adversely affect our ability to expand our business. If we do not generate sufficient cash flow from our operations to meet our present and future financing needs, we may need to rely on additional external borrowings. If adequate funds are not available, whether on satisfactory terms or at all, we may be forced to delay or abandon our development and expansion plans. As a result, our business, financial condition and results of operations will be materially and adversely affected.

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We may incur impairment losses in relation to prepayments, deposits and other receivables.

Our prepayments, deposits and other receivables primarily comprise (i) prepayments, mainly for the procurement of vehicles, vehicle parts for maintenance services, internet traffic for dash cams, technology services, promotion and advertising services and others; (ii) value-added tax recoverable; (iii) deposits, mainly for the leases of office premises; (iv) receivables due from on-line payment platforms; and (v) receivables of ride service fees due from third-party mobility service platforms which collected payments on our behalf. As of December 31, 2021, 2022 and 2023, we had prepayments, deposits and other receivables of RMB18.6 million, RMB106.9 million and RMB124.5 million, respectively. There is no guarantee that our suppliers will perform their obligations in a timely manner. If our suppliers fail to provide products and/or services in a timely manner or at all, we may be exposed to prepayment default and impairment loss risk in relation to the prepayments. This default and risk would in turn materially and adversely affect our business and financial position.

Changes in the carrying amount of convertible redeemable preferred shares and other financial liabilities issued to investors may affect our financial condition and results of operations.

We issued convertible redeemable preferred shares to Series A investors in 2022 and 2023. In addition, we issued warrants to certain investors with respect to Series B Preferred Shares of our Company and the related loans lent to us in 2023, which were recognized as other financial liabilities issued to investors. In 2022 and 2023, we recorded losses of RMB10.4 million and RMB64.5 million from the changes in the carrying amount of convertible redeemable preferred shares, respectively. In the same periods, we recorded a loss of RMB52.1 million and RMB31.8 million from the changes in the carrying amount of other financial liabilities issued to investors, respectively. As of the Latest Practicable Date, all other financial liabilities issued to investors with respect to Series B warrants have been converted into convertible redeemable preferred shares upon exercise of Series B warrants. We expect that the continual fluctuations in the carrying amount of our convertible redeemable preferred shares will affect our financial position until the Listing Date. All the convertible redeemable preferred shares will be re-classified from financial liabilities to equity as a result of the automatic conversion into our Shares upon the Listing. See Notes 26 and 27 to Accountants' Report in Appendix I to this prospectus.

Our results of operations are subject to seasonal fluctuations.

We have experienced and expect to continue to experience seasonality in our business. For example, during the Chinese New Year holiday in the first quarter of each year, fewer drivers will be active and there is typically less demand. Other seasonal trends that affect us or the industry may develop, and current seasonal trends may become more extreme, all of which may contribute to fluctuations in our results of operations. As a result, historical patterns of our results of operations may not be indicative of our future performance, and period-to-period comparisons of our results of operations may not be meaningful, especially given our

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limited operating history. Our results of operations in future quarters or years may fluctuate and deviate from the expectations of securities analysts and investors, and any occurrence that disrupts our business during any particular quarters could have a disproportionately material adverse effect on our liquidity and results of operations.

Unauthorized use of our intellectual properties by third parties may harm our brand and reputation and materially and adversely affect our business, and we may incur substantial expenses to protect our intellectual property rights.

We regard our patents, copyrights, trademarks and other intellectual properties as critical to our success. We rely on a combination of patent, trademark and copyright laws, trade secrets protection, restrictions on disclosure and other agreements that restrict the use of our intellectual properties to protect these rights. See “Business – Intellectual Property.”

Our business partners may not always comply with our contract terms prohibiting the unauthorized use of our brands, images, characters and other intellectual property rights. The agreements may not effectively prevent disclosure of confidential information and may not provide an adequate remedy in the event of unauthorized disclosure of confidential information. In addition, third parties may independently discover trade secrets and proprietary information, limiting our ability to assert any trade secret rights against such parties.

Our competitors and other third parties may register trademarks or apply for patents that are similar to ours, and may divert potential users from us to them. Preventing such unfair competition activities is inherently difficult. If we are unable to prevent such activities, competitors and other third parties may drive potential users away from our platforms, which could harm our reputation and materially and adversely affect our results of operations.

Implementation of intellectual property laws in China has been developing. Policing unauthorized use of our proprietary technology, trademarks and other intellectual property is difficult and expensive, and litigation may be necessary to enforce our intellectual property rights. Future litigation could result in substantial costs and diversion of our resources and could disrupt our business, as well as materially and adversely affect our business, results of operations and financial condition.

We may be subject to intellectual property infringement claims or other allegations by third parties, which, with or without merit, may materially and adversely affect our business, reputation, results of operations and financial condition.

We cannot be certain that our operations or any aspects of our business do not or will not infringe upon or otherwise violate trademarks, copyrights, patents, know-how, trade secrets or other intellectual property rights held by third parties without our awareness. We have not been subject to material proceedings and claims pending or threatened against us relating to the intellectual property rights of others, yet we may from time to time be subject to such proceedings and claims in the future. Furthermore, the application and interpretation of China’s

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laws relating to patents and other intellectual property rights, and the procedures and standards for granting such patents or other intellectual property rights in China, are still evolving, and we cannot assure you that PRC courts or regulatory authorities will agree with our analysis.

We may incur additional costs in monitoring and detecting potential infringement. If we are found to have violated the intellectual property rights of others, we may be subject to liability for our infringement activities or may be prohibited from using such intellectual property, and we may incur licensing fees or be forced to develop alternatives of our own. Defending against any infringement or licensing allegations and claims can be costly and time consuming and may divert management's time and other resources from our business and operations, and the outcome of many of these claims and proceedings cannot be predicted. If a judgment, a fine or a settlement involving a payment of a material sum of money were to occur, or injunctive relief were issued against us, it may result in significant monetary liabilities and may materially disrupt our business and operations by restricting or prohibiting our use of the intellectual property in question, and our business, reputation, results of operations and financial condition may be materially and adversely affected.

Our legal right to some leased properties may be challenged.

Our corporate headquarters is located in Guangzhou, Guangdong province, China. As of the Latest Practicable Date, we did not own any property and we were leasing 67 properties in the PRC, with an aggregate gross floor area of 22,247.24 m². Our leased properties are primarily used as office space. See "Business – Properties."

At the end of each lease term, we must negotiate an extension of the lease. If we are not able to negotiate an extension on terms acceptable to us, we will be forced to move to a different location, or the rent may increase significantly. This could disrupt our operations and adversely affect our financial condition, and may result in our inability to turn from loss to profit making. In addition, we cannot assure you that the lease agreements will not be terminated before their expiration date for reasons beyond our control, such as breaches of agreements by the lessor or the tenant of the premises or invalidation of lease agreements due to the lessors' lack of title to lease the properties. In such event, we need to relocate to other premises and may incur additional costs due to relocation.

In addition, as of the Latest Practicable Date, (i) 21 of our leased properties had title defects as certain lessors failed to provide property ownership certificates or other relevant certificates regarding their legal right to lease such properties, and (ii) the actual usage of 20 leased properties was inconsistent with the usage for industrial purposes set out in such title certificates or relevant authorization documents, which may adversely affect our ability to continue to use them in the future. See "Business — Properties." We may face challenges from the property owners or other third parties regarding our right to occupy the premises. Furthermore, if the landlords fail to perform their obligations under the lease agreements between the landlords and us due to any reason, including but not limited to their own non-compliance with relevant laws and regulations, government-authorized demolition or any other unforeseeable events, we may be unable to continue using such properties. As of the date

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of this prospectus, we are not aware of any challenges being made by a third party or government authority on the titles of any of these leased properties that may affect our current occupation. Although we do not expect to become subject to any fines or penalties if any of these leases are terminated as a result of challenges by third parties or government authorities for any of these issues, we may be forced to relocate our operations from the affected offices and incur additional expenses accordingly. If we fail to find suitable replacement sites in a timely manner or on terms commercially acceptable to us, our business operations may be adversely affected.

Moreover, under the applicable PRC laws and regulations, the parties to a lease are required to register and file such lease with the relevant government authorities. As of the Latest Practicable Date, 62 lease agreements of our leased properties had not been registered and filed with relevant land and real estate management departments in China. While the lack of registration will not affect the validity of the leases under PRC laws and regulations, we may be ordered by the relevant government authorities to register the relevant leases within a prescribed period, otherwise we may be subject to a fine ranging from RMB1,000 to RMB10,000 for each non-registered lease.

Our insurance coverage may not sufficiently cover the risks related to our business.

We maintain certain insurance policies to safeguard against various risks and unexpected events associated with our business and operations, including, among others, (i) supplemental accident insurance for our enterprise customers, as well as riders and drivers using our hitch service; (ii) carrier liability insurance which covers losses to both drivers and riders, as mandated by the regulations of national and local transportation departments for ride-hailing service providers; and (iii) compulsory traffic accident liability insurance, supplemental commercial accident insurance and carrier liability insurance for Robotaxis. As required by law, to be eligible for ride-hailing services, a vehicle must be covered by compulsory traffic accident liability insurance. If insurance carriers change the terms of their policies in a manner not favorable to us or the drivers, our insurance costs and those of the drivers could increase. Furthermore, if our insurance coverage is not adequate to cover losses that occur, we could be liable for significant additional costs.

We had not purchased carrier liability insurance that fully cover all ride-hailing service vehicles and relevant riders during a historical period, mainly because (i) we have entered into agreements to require our car partners to purchase carrier liability insurance; and (ii) losses incurred by safety incidents in connection with our platform operation are primarily covered by the compulsory traffic accident liability insurance and supplemental commercial accident insurance maintained by the car partners and drivers. See “Business – Insurance.” The relevant rules and regulations remain unclear as to what legal consequences we may encounter for failure to purchase carrier liability insurance. However, if we were held liable to relevant claims under court orders, we may need to bear the amounts of indemnity, in which case our business, results of operations and financial condition could be adversely affected. As of the Latest Practicable Date, we have rectified such issue by cooperating with two licensed insurance companies to provide adequate carrier liability insurance in full for all of our ride-hailing service vehicles and relevant riders.

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We may be subject to claims of significant liability based on traffic accidents, injuries, or other incidents that are alleged to have been caused by drivers or Robotaxis on our platform. Our insurance policies may not cover all potential claims related to traffic accidents, injuries, or other incidents that are claimed to have been caused by drivers or Robotaxis who use our platform, and may not be adequate to indemnify us for all liability that we could face.

In line with general market practice, we do not maintain any business interruption insurance or product liability insurance, which are not mandatory under PRC laws. We do not maintain keyman insurance, insurance policies covering damages to our network infrastructures or information technology systems, nor any insurance policies for our properties. Any disruption in our network infrastructure or business operations, litigation or natural disasters may result in our incurring substantial costs and the diversion of our resources and we have no insurance to cover such losses. As a result, our business, results of operations and financial condition could be materially and adversely affected.

Our business depends substantially on the continuing efforts of our management, other key personnel and a competent workforce to support our existing operations and future growth. If we fail to attract, motivate and retain talents, our business, results of operations, financial condition and prospects may be severely disrupted.

Our success, in part, depends on the continuing services of our management and other key personnel. In particular, we rely on the expertise, experience and vision of our senior management team. We also rely on the technical know-how and skills of other key personnel. If any of our senior management or key personnel becomes unable or unwilling to continue to contribute their services to us, we may not be able to replace them easily or at all. As a result, our business may be severely disrupted, our results of operations and financial condition may be materially and adversely affected, and we may incur additional expenses to recruit, train and retain key personnel.

Our existing operations and future growth require a competent workforce. However, our industry is characterized by high demand and intense competition for talent. In order to attract and retain talent, we may need to offer higher compensation, better training and more attractive career tracks and other benefits to our employees, which may be costly and burdensome. We cannot assure you that we will be able to attract or retain qualified personnel necessary to support our future growth. We may fail to manage our relationship with our employees, and any disputes between us and our employees, or any labor-related regulatory or legal proceedings may divert managerial and financial resources, adversely impact staff morale, reduce our productivity, or harm our reputation and future recruiting efforts. In addition, as our business has grown rapidly, our ability to train and integrate new employees into our operations may not meet the increasing demands of our business. Any of the above issues related to our workforce may materially and adversely affect our business, results of operations, financial condition and prospects.

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Failure to obtain or sustain government grants or preferential tax treatments that may be available to us could affect our business, results of operations and financial condition.

During the Track Record Period, we received certain government grants. We had government grants of RMB36.7 million, RMB19.2 million, and RMB39.7 million in 2021, 2022 and 2023, respectively.

However, these government grants may be non-recurring or unsustainable, which could adversely affect our business, results of operations and financial condition. In addition, we may not be able to successfully or timely obtain the government grants or preferential tax treatments that may be available to us in the future, which could affect our business, results of operations and financial condition.

We have granted, and may continue to grant share options or other types of share awards under our share-based compensation plans, which may result in increased share-based payments. Share-based payments may cause shareholding dilution to our existing Shareholders and have an adverse effect on our financial performance.

We operate certain equity-settled share-based compensation plans for the purpose of providing incentives and rewards to eligible participants who contribute to the success of our operations. In 2021, 2022 and 2023, we recorded RMB16.0 million, RMB33.2 million and RMB26.4 million in equity-settled share-based payments, respectively. We believe the granting of share-based awards is of significant importance to our ability to attract and retain key personnel and employees, and we may continue to grant share-based awards to employees in the future. Issuance of additional share award with respect to such share-based payments may dilute the shareholding percentage of our existing Shareholders. Expenses incurred with respect to such share-based payment may also increase our operating expenses and therefore have an adverse effect on our financial performance.

Our risk management and internal control systems may not be adequate or effective in all respects, which may materially and adversely affect our business and results of operations.

We seek to establish risk management and internal control systems consisting of policies and procedures that we consider appropriate for our business operations. See “Business – Risk Management and Internal Control.” However, due to the inherent limitations in the design and implementation of risk management and internal control systems, we cannot assure you that our risk management and internal control systems will be able to identify, prevent and manage all risks. Our internal control procedures are designed to monitor our operations and ensure their overall compliance. However, our internal control procedures may be unable to identify all non-compliance incidents in a timely manner, or at all. It is not always possible to timely detect and prevent fraud and other misconduct, and the precautions we take to prevent and detect such activities may not be effective.

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Our risk management and internal controls also depend on the effective implementation by our employees. However, we cannot assure you that such implementation will not be subject to any human errors or mistakes, which may materially and adversely affect our business and results of operations. As we are likely to offer a broader and more diverse range of services in the future, the diversification of our services will require us to continue to enhance our risk management and internal control capabilities. If we fail to timely adapt our risk management and internal control policies and procedures to our changing business, our business, results of operations and financial condition could be materially and adversely affected.

RISKS RELATING TO OUR CORPORATE STRUCTURE

If the PRC government finds that the agreements that establish the structure for operating some of our operations in China do not comply with PRC regulations relating to the relevant industries, or if these regulations or the interpretation of existing regulations change in the future, we could be subject to severe penalties or be forced to relinquish our interests in those operations.

Foreign ownership in entities that provide internet and other related businesses, including the value-added telecommunication services and on-the-ground mobile surveying activities, is subject to restrictions under current PRC laws and regulations, unless certain exceptions are available.

We are a Cayman Islands exempted company and each of our indirect wholly-owned PRC subsidiaries, our WFOE, is considered a foreign-invested enterprise. To ensure compliance with PRC laws and regulations, we conduct our foreign investment-restricted or prohibited businesses in China through our Consolidated Affiliated Entities, and our Consolidated Affiliated Entities currently hold the value-added telecommunication business license and the Surveying and Mapping Qualification Certificate (測繪資質證書) for our operation of such restricted or prohibited business, based on a series of contractual arrangements by and among our WFOE, Consolidated Affiliated Entities and their shareholders. These contractual agreements enable us to (i) exercise effective control over our Consolidated Affiliated Entities, (ii) receive substantially all of the economic benefits of our Consolidated Affiliated Entities, and (iii) have an exclusive call option to purchase all or part of the equity interests in our Consolidated Affiliated Entities when and to the extent permitted by PRC law. As a result of these contractual arrangements, we exert control over our Consolidated Affiliated Entities and consolidate the financial results of our Consolidated Affiliated Entities in our financial statements under IFRSs. See “History, Reorganization and Corporate Structure” and “Contractual Arrangements.”

We have been advised by our PRC Legal Advisor that the interpretation and application of the Foreign Investment Law and its implementation regulations, as well as other current and future PRC laws and regulations in relation to the contractual arrangements may be determined on an ad hoc basis depending on the facts and circumstances. If the PRC government otherwise finds that we are in violation of any existing or future PRC laws or regulations or lack the

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necessary permits or licenses to operate our business, the relevant governmental authorities with jurisdiction over the operation of our business would have broad discretion in dealing with such violation, including, without limitation:

- revoking the business licenses and/or operating licenses of our PRC entities;
- imposing fines on us;
- confiscating any of our income that they deem to be obtained through illegal operations, or imposing other requirements with which we or our Consolidated Affiliated Entities may not be able to comply;
- discontinuing or placing restrictions or onerous conditions on our operations;
- placing restrictions on our right to collect revenue;
- shutting down our servers or blocking our platform;
- requiring us to restructure our ownership structure or operations, including terminating the contractual arrangements with our Consolidated Affiliated Entities and deregistering the equity pledges of our Consolidated Affiliated Entities, which in turn would affect our ability to consolidate, derive economic interests from, or exert effective control over our Consolidated Affiliated Entities;
- restricting or prohibiting our use of proceeds or other of our financing activities to finance the business and operations of our Consolidated Affiliated Entities;
- imposing additional conditions or requirements with which we may not be able to comply; or
- taking other regulatory or enforcement actions that could be harmful to our business.

Any of these events could cause significant disruption to our business operations and severely damage our reputation, which would in turn materially and adversely affect our business, financial condition and results of operations. If occurrences of any of these events results in our inability to direct the activities of our Consolidated Affiliated Entities that most significantly impact their economic performance, and/or our failure to receive the economic benefits and residual returns from our Consolidated Affiliated Entities, and we are not able to restructure our ownership structure and operations in a satisfactory manner, we may not be able to consolidate the financial results of our Consolidated Affiliated Entities in our consolidated financial statements in accordance with IFRSs.

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The contractual arrangements with our Consolidated Affiliated Entities and their shareholders may not be as effective as direct ownership in providing operational control.

We have to rely on the contractual arrangements with our Consolidated Affiliated Entities and their shareholders to operate the business in areas where foreign ownership is restricted or prohibited, including the provision of certain value-added telecommunication services and on-the-ground mobile surveying services. These contractual arrangements, however, may not be as effective as direct ownership in providing us with control over our Consolidated Affiliated Entities. For example, our Consolidated Affiliated Entities and their shareholders could breach their contractual arrangements with us by, among other things, failing to conduct the operations of our Consolidated Affiliated Entities in an acceptable manner or taking other actions that are detrimental to our interests.

If we had direct ownership of our Consolidated Affiliated Entities in China, we would be able to exercise our rights as a shareholder to effect changes in the board of directors of our Consolidated Affiliated Entities, which in turn could implement changes, subject to any applicable fiduciary obligations, at the management and operational level. However, under the current contractual arrangements, we rely on the performance by our Consolidated Affiliated Entities and their shareholders of their obligations under the contracts to exercise control over our Consolidated Affiliated Entities. The shareholders of our Consolidated Affiliated Entities may not act in the best interests of our company or may not perform their obligations under these contracts. If any dispute relating to these contracts remains unresolved, we will have to enforce our rights under these contracts through the operations of PRC law and arbitration, litigation and other legal proceedings and therefore will be subject to uncertainties. See “— Risks Relating to Our Corporate Structure – Any failure by our Consolidated Affiliated Entities or their shareholders to perform their obligations under our contractual arrangements with them would materially and adversely affect our business.”

Any failure by our Consolidated Affiliated Entities or their shareholders to perform their obligations under our contractual arrangements with them would materially and adversely affect our business.

If our Consolidated Affiliated Entities or their shareholders fail to perform their respective obligations under the contractual arrangements, we may have to incur substantial costs and expend additional resources to enforce such arrangements. For example, if the shareholders of our Consolidated Affiliated Entities were to refuse to transfer their equity interests in our Consolidated Affiliated Entities to us or our designee if we exercise the purchase option pursuant to these contractual arrangements, or if they were otherwise to act in bad faith toward us, then we may have to take legal actions to compel them to perform their contractual obligations. In addition, if any third parties claim any interest in such shareholders' equity interests in our Consolidated Affiliated Entities, our ability to exercise shareholders' rights or foreclose the share pledge according to the contractual arrangements may be impaired. If these or other disputes between the shareholders of our Consolidated Affiliated Entities and third parties were to impair our control over our Consolidated Affiliated Entities, our ability to consolidate the financial results of our Consolidated Affiliated Entities would be affected, which would in turn materially and adversely affect our business, operations and financial condition.

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All the agreements under our contractual arrangements are governed by PRC law and provide for the resolution of disputes through arbitration in China. Accordingly, these contracts would be interpreted in accordance with PRC law and any disputes would be resolved in accordance with PRC legal procedures. Meanwhile, there are very few precedents and little formal guidance as to how contractual arrangements in the context of a Consolidated Affiliated Entities should be interpreted or enforced under PRC law. We cannot predict the ultimate outcome of such arbitration should arbitral proceedings become necessary. In addition, under PRC law, rulings by arbitrators are final, parties cannot appeal the arbitration results in courts, and if the losing parties fail to carry out the arbitration awards within a prescribed time limit, the prevailing parties may only enforce the arbitration awards in PRC courts through arbitration award recognition proceedings, which would require additional expenses and delay. In the event we are unable to enforce these contractual arrangements, or if we suffer significant delay or other obstacles in the process of enforcing these contractual arrangements, we may not be able to exert effective control over our Consolidated Affiliated Entities, and our ability to conduct our business may be adversely affected.

The shareholders of our Consolidated Affiliated Entities may have actual or potential conflicts of interest with us.

The shareholders of our Consolidated Affiliated Entities may have actual or potential conflicts of interest with us. Although these individuals are contractually obligated, or obligated as a result of their fiduciary duty to our company, to act in good faith and in our best interest, they still have potential conflicts of interest with us. For example, occasions may arise when the fiduciary duties these individuals owe to us under Cayman Islands law conflict with the fiduciary duties they owe to our PRC entities under PRC law. Under Cayman Islands law, a director is not released from his or her fiduciary duties owed to us as a director of our company, and his or her obligation to discharge such duties is not affected by any other duties that such director owes or interests which such director may have, including as a director or shareholder of another company, such as our consolidated affiliated entities. In addition, these shareholders may breach, or cause our Consolidated Affiliated Entities to breach, or refuse to renew, the existing contractual arrangements we have with them and our Consolidated Affiliated Entities, which would materially and adversely affect our ability to effectively control our Consolidated Affiliated Entities and receive economic benefits from them. For example, the shareholders may be able to cause our agreements with our Consolidated Affiliated Entities to be performed in a manner adverse to us by, among other things, failing to remit payments due under the contractual arrangements to us on a timely basis. We cannot assure you that when conflicts of interest arise any or all of these shareholders will act in the best interests of our Company or that such conflicts will be resolved in our favor.

Currently, we do not have any arrangements to address potential conflicts of interest between these shareholders and our company, except that we could exercise our purchase option under the exclusive call option agreements with these shareholders to request them to transfer all of their equity interests in the Consolidated Affiliated Entities to a PRC entity or individual designated by us, to the extent permitted by PRC law. The shareholders of our Consolidated Affiliated Entities have executed powers of attorney to appoint our WFOE to vote on their behalf and exercise voting rights as shareholders of our Consolidated Affiliated

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Entities. If we cannot resolve any conflict of interest or dispute between us and the shareholders of our Consolidated Affiliated Entities, we would have to rely on legal proceedings, which could result in disruption of our business and subject us to substantial uncertainty as to the outcome of any such legal proceedings.

The shareholders of our Consolidated Affiliated Entities may be involved in personal disputes with third parties or other incidents that may adversely affect their respective equity interests in our Consolidated Affiliated Entities and the validity or enforceability of our contractual arrangements with our Consolidated Affiliated Entities and their shareholders. For example, in the event that any individual shareholder of our Consolidated Affiliated Entities divorces his or her spouse, the spouse may claim that the equity interest of our Consolidated Affiliated Entities held by such shareholder is part of his or her community property and should be divided between such shareholder and his or her spouse. If such claim is supported by the court, the relevant equity interest may be obtained by the shareholder's spouse or another third party who is not subject to obligations under our contractual arrangements, which could result in a loss of the effective control over our Consolidated Affiliated Entities by us. Similarly, if any of the equity interests of our Consolidated Affiliated Entities is inherited by a third party with whom the current contractual arrangements are not binding, we could lose our control over our Consolidated Affiliated Entities or have to maintain such control by incurring unpredictable costs, which could cause significant disruption to our business and operations and harm our financial condition and results of operations.

Although under our current contractual arrangements, (i) our Consolidated Affiliated Entities' individual shareholder's spouse has executed spousal consent letters under which the spouses agree not to assert any rights over the equity interest in our Consolidated Affiliated Entities held by these shareholders, and (ii) it is expressly provided that our Consolidated Affiliated Entities and their shareholders shall not assign any of their respective rights or obligations to any third party without the prior written consent of our WFOE or other party designated by WFOE, we cannot assure you that these undertakings and arrangements will be complied with or effectively enforced. In the case that any of them is breached or becomes unenforceable and leads to legal proceedings, it could disrupt our business, distract our management's attention and the outcome of such legal proceedings may be unpredictable.

Contractual arrangements in relation to our Consolidated Affiliated Entities may be subject to scrutiny by the PRC tax authorities and they may determine that we or any of our Consolidated Affiliated Entities owe additional taxes, which could adversely affect our financial condition and the value of the Shares.

Under applicable PRC laws and regulations, arrangements and transactions among related parties may be subject to audit or scrutiny by the PRC tax authorities. We could face material and adverse tax consequences if the PRC tax authorities determine that the contractual arrangements in relation to our Consolidated Affiliated Entities were not entered into on an arm's-length basis in such a way as to result in an impermissible reduction in taxes under applicable PRC laws, rules and regulations, and adjust the taxable income of our Consolidated Affiliated Entities in the form of a transfer pricing adjustment. A transfer pricing adjustment

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could, among other things, result in a reduction of expense deductions recorded by our Consolidated Affiliated Entities for PRC tax purposes, which could in turn increase its tax liabilities without reducing our PRC subsidiaries' tax expenses. In addition, the PRC tax authorities may impose late payment fees and other penalties on our Consolidated Affiliated Entities for the adjusted but unpaid taxes according to the applicable regulations. Our financial position could be materially and adversely affected if our Consolidated Affiliated Entities' tax liabilities increase or if it is required to pay late payment fees and other penalties.

Our current corporate structure and business operations may be substantially affected by the newly enacted Foreign Investment Law.

On March 15, 2019, the National People's Congress of the PRC promulgated the Foreign Investment Law (《中華人民共和國外商投資法》), which took effect on January 1, 2020. Along with the Foreign Investment Law, the Regulations on the Implementation of Foreign Investment Law (《中華人民共和國外商投資法實施條例》) promulgated by the State Council and the Interpretation on Several Issues Concerning the Application of the Foreign Investment Law of the PRC promulgated by the Supreme People's Court (《最高人民法院關於適用〈中華人民共和國外商投資法〉若干問題的解釋》) also took effect on January 1, 2020. The Foreign Investment Law does not explicitly classify whether Consolidated Affiliated Entities that are controlled through contractual arrangements would be deemed as foreign invested enterprises if they are ultimately "controlled" by foreign investors. However, it has a catch-all provision under the definition of "foreign investment" that includes investments made by foreign investors in China through other means as provided by laws, administrative regulations or other methods prescribed by the State Council. Therefore, it still leaves leeway for future laws, administrative regulations or provisions of the State Council to provide for contractual arrangements as a form of foreign investment, at which time it will be uncertain whether our contractual arrangements will be deemed to be in violation of the market access requirements for foreign investment in the PRC and, if they are how our contractual arrangements should be dealt with.

The Foreign Investment Law grants national treatment to foreign-invested entities, except for those foreign-invested entities that operate in industries specified as either "restricted" or "prohibited" from foreign investment in the Special Administrative Measures for Access of Foreign Investments (Negative List) (2021 Version) (《外商投資准入特別管理措施(負面清單)》(2021年版)), or the Negative List, jointly promulgated by the MOFCOM and the NDRC, and took effect on January 1, 2022. The Foreign Investment Law provides that (i) foreign-invested entities operating in "restricted" industries are required to obtain market entry clearance and other approvals from relevant PRC government authorities; (ii) foreign investors shall not invest in any industries that are "prohibited" under the Negative List.

We operate our value-added telecommunications services, a restricted item under the Negative List, and conduct on-the-ground mobile surveying activities, a prohibited item under the Negative List, through our Consolidated Affiliated Entities. See "Contractual Arrangements." If our control over our Consolidated Affiliated Entities through contractual arrangements is deemed as foreign investment in the future, and any business of our

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Consolidated Affiliated Entities is “restricted” or “prohibited” from foreign investment under the “negative list” effective at the time, we may be deemed to be in violation of the Foreign Investment Law, the contractual arrangements that allow us to have control over our Consolidated Affiliated Entities may be deemed as invalid and illegal, and we may be required to unwind such contractual arrangements and/or restructure our business operations, any of which may materially and adversely affect our business operation.

Furthermore, if future laws, administrative regulations or provisions mandate further actions to be taken by companies with respect to existing contractual arrangements, we may not complete such actions in a timely manner, or at all. Failure to take timely and appropriate measures to cope with any of these or similar regulatory compliance challenges could materially and adversely affect our current corporate structure and business operations.

We may lose the ability to use and enjoy assets held by our Consolidated Affiliated Entities that are critical to the operation of our business if our Consolidated Affiliated Entities declare bankruptcy or become subject to a dissolution or liquidation proceeding.

Our Consolidated Affiliated Entities hold certain assets that may be critical to the operation of our business. If the shareholders of our Consolidated Affiliated Entities breach the contractual arrangements and voluntarily liquidate our Consolidated Affiliated Entities, or if any of our Consolidated Affiliated Entities declares bankruptcy and all or part of its assets become subject to liens or rights of third-party creditors or are otherwise disposed of without our consent, we may be unable to continue some or all of our business activities, which could materially and adversely affect our business, financial condition and results of operations. In addition, if any of our Consolidated Affiliated Entities undergoes an involuntary liquidation proceeding, third-party creditors may claim rights to some or all of its assets, thereby hindering our ability to operate our business, which could materially or adversely affect our business, financial condition and results of operations.

RISKS RELATING TO DOING BUSINESS IN CHINA

Failure to respond to development in China’s economic, political or social conditions or government policies could have a material impact on our business and results of operations.

Our operations are mainly conducted in China. Accordingly, our results of operations, financial condition and prospects are subject to economic, political, social and legal developments in China. Although China’s economy has experienced significant growth over the past few decades, China’s economy might be affected by the global economy. Uncertainties in the global economy and the political environment around the world would continuously affect China’s economic growth. Generally, PRC government regulates the economy and related industries by imposing industrial policies and regulating the PRC’s macro-economy through fiscal and monetary policies. During the past few decades, the PRC government has taken various actions to promote market economy and the establishment of sound corporate governance in business entities. The PRC government regulates the economy and the industries

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through strategically allocating resources, controlling the payment of foreign currency-denominated obligations, setting monetary policy and providing favorable treatments to particular industries or companies. The aforementioned adjustments are beneficial to China's economy in general, but may have impact on our business, financial condition, results of operations and prospects. It may be difficult for us to predict all the risks that we could face as a result of the current economic, political, social and regulatory development and many of these risks are beyond our control. Failure to respond to such development and risks could materially affect our business operations and financial performance.

The PRC legal system is evolving, and may require us to adopt changes to our operations from time to time.

We conduct our business primarily through our subsidiaries and consolidated affiliated entities in China. Our operations in China are governed by PRC laws and regulations. The PRC legal system is a civil law system based on statutes. Unlike the common law system, prior court decisions may be cited for reference but have limited precedential value.

As the legislation in China and the PRC legal system has continued to evolve over the past few decades and the PRC government has made significant progress in promulgating laws and regulations related to economic affairs and matters, for example, such laws and regulations have significantly enhanced the protections afforded to various forms of foreign investments in China. However, many of these laws and regulations are relatively new, and we may need to take certain corresponding measures to maintain our regulatory compliance, such as adjusting the relevant business or transactions and introducing compliance experts and talents, which may incur additional related costs and adverse impact on our business. We are required to respond to evolution in the regulatory environment in China, otherwise our business could be materially affected, and our ability to continue our operations could be impeded.

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

We are a holding company, and we may rely on dividends and other distributions on equity paid by our PRC subsidiaries for our cash and financing requirements, including the funds necessary to pay dividends and other cash distributions to our shareholders and service any debt we may incur. Additionally, if our PRC subsidiaries incur debt on their own behalf in the future, the instruments governing their debt may restrict their ability to pay dividends or make other distributions to us. Furthermore, the PRC tax authorities may require our PRC subsidiaries to adjust their taxable income under the contractual arrangement they currently have in place with our variable interest entity in a manner that may materially and adversely affect their ability to pay dividends and other distributions to us. See “— Risks Relating to Our Corporate Structure – Contractual arrangements in relation to our Consolidated Affiliated Entities may be subject to scrutiny by the PRC tax authorities and they may determine that we or any of our Consolidated Affiliated Entities owe additional taxes, which could adversely affect our financial condition and the value of the Shares.”

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Any limitation on the ability of our PRC subsidiaries to pay dividends or make other distributions to us could adversely limit our ability to grow, make investments or acquisitions that could be beneficial to our business, pay dividends, or otherwise fund and conduct our business. Under PRC laws and regulations, our PRC subsidiaries are required to set aside 10% of their accumulated after-tax profits each year to fund a statutory reserve which is not distributable as dividends until the accumulated amount of such reserve has exceeded 50% of the registered capital of that PRC subsidiary. In addition, under the Enterprise Income Tax Law of the PRC (《中華人民共和國企業所得稅法》) and its implementation rules provide that China-sourced income of foreign enterprises, such as dividends paid by a PRC subsidiary to its equity holders that are non-PRC resident enterprises, will normally be subject to PRC withholding tax at a rate of 10%, unless any such foreign investor's jurisdiction of incorporation has a tax treaty with China that provides for a different withholding arrangement. As a result, dividends paid to us by our PRC subsidiaries are expected to be subject to the PRC withholding tax at a rate of 10%. Pursuant to the Arrangement between Mainland of the PRC and Hong Kong Special Administrative Region for the Avoidance of Double Taxation and Prevention of Fiscal Evasion with respect to Taxes on Income (《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》), the withholding tax rate on dividends paid by our PRC subsidiary to our Hong Kong subsidiary would generally be reduced to 5%, provided that our Hong Kong subsidiary is a Hong Kong tax resident as well as the beneficial owner of our PRC-sourced income, and it directly holds 25% or more interests in our PRC subsidiaries. On February 3, 2018, the STA issued the Announcement on Issues Regarding Beneficial Owners under Tax Treaties (《關於稅收協定中“受益所有人”有關問題的公告》), also known as Circular 9, which provides guidance for determining whether a resident of a contracting state or region is the “beneficial owner” of an item of income under China's tax treaties and similar arrangements. According to Circular 9, a beneficial owner generally must be engaged in substantive business activities and an agent will not be regarded as a beneficial owner. There is no assurance that the reduced withholding tax rate will be available to our Hong Kong subsidiary. In accordance with the Administrative Measures for Non-Resident Taxpayers to Enjoy Treaty Treatments (《非居民納稅人享受協定待遇管理辦法》) which was promulgated by the STA and came into effect on January 1, 2020, if non-resident taxpayers consider they are eligible for treatments under the tax treaties through self-assessment, they may, at the time of filing tax returns or making withholding tax filings through withholding agents, enjoy the treatments under the tax treaties, and shall concurrently collect and retain the relevant documents for inspection according to relevant regulations, and accept tax authorities' post-filing administration.

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

Under PRC laws and regulations, we are permitted to utilize the proceeds from this Global Offering to fund our PRC subsidiaries by making loans to or additional capital contributions to our PRC subsidiaries, subject to applicable government registration and approval requirements. These PRC laws and regulations may establish regulatory procedural requirements on our use of Renminbi converted from the net proceeds of this Global Offering to fund the establishment of new entities in China by our PRC subsidiaries, investments in or acquisitions of any other PRC companies through our PRC subsidiaries, or the establishment of a new variable interest entity in China. According to the relevant PRC regulations on foreign-invested enterprises in the PRC, capital contributions to our PRC subsidiaries are subject to the requirement of making necessary filings and registration with relevant local branches of the SAMR and other governmental authorities in the PRC. In addition, (i) any foreign loan procured by our PRC subsidiaries is required to be registered with SAFE, or its local counterparts; and (ii) each of our PRC subsidiaries may not procure loans which exceed the difference between its registered capital and its total investment amount as recorded in the filings with competent governmental authorities or the upper limit calculated based on a statutory formula under the macro-prudential management of full-covered cross-border financing by SAFE and the PBOC. Any medium or long-term loan to be provided by us to our variable interest entity and its subsidiaries must be recorded and registered by the NDRC and SAFE or its local counterparts. Moreover, we cannot assure you that we will be able to complete the necessary registrations or obtain the necessary government approvals on a timely basis, if at all, with respect to future loans to our PRC subsidiaries or future capital contributions by us to our PRC subsidiaries. We are required to complete such registrations or obtain such approvals, otherwise our ability to use the proceeds we received or expect to receive from our offshore offerings and to capitalize or otherwise fund our PRC operations may be adversely affected, which could materially and adversely affect our liquidity and our ability to fund and expand our business.

On March 30, 2015, SAFE promulgated the Notice on Reforming the Administration Methods of the Settlement of Foreign Currency Capital by Foreign-invested Enterprises (《關於改革外商投資企業外匯資本金結匯管理方式的通知》) (the “**SAFE Circular 19**”), which took effect on June 1, 2015 and was amended on December 30, 2019. The SAFE Circular 19 launched a nationwide reform of the administration of the settlement of the foreign exchange capitals of foreign-invested enterprises and allows foreign-invested enterprises to settle their foreign exchange capital at their discretion, but continues to prohibit foreign-invested enterprises from using RMB funds converted from their foreign exchange capital for expenditures beyond their business scope. On June 9, 2016, the SAFE promulgated the Circular on Reforming and Standardizing the Management Policy Relating to Foreign Exchange Settlement of Capital Account (《關於改革和規範資本項目結匯管理政策的通知》) (the “**SAFE Circular 16**”). The SAFE Circular 16 prohibits foreign-invested enterprises from,

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among other things, using RMB funds converted from their foreign exchange capital for expenditure beyond their business scope, investment and financing (except for securities investment or non-guaranteed bank products), providing loans to non-affiliated enterprises or constructing or purchasing real estate not for self-use. In January 2017 and April 2020, SAFE further promulgated the Notice on Further Improving Reform of Foreign Exchange Administration and Optimizing Genuineness and Compliance Verification (《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》) (the “SAFE Circular 3”) and the Notice on Optimizing Foreign Exchange Administration Service to Support the Development of Foreign-related Business (《國家外匯管理局關於優化外匯管理支持涉外業務發展的通知》) (the “SAFE Circular 8”), respectively. The SAFE Circular 3 stipulates several capital control measures with respect to the outbound remittance of profits from domestic entities to offshore entities while the SAFE Circular 8 stipulates the reform of facilitating the payments of incomes under the capital accounts shall be promoted nationwide. For further information, see “Regulatory Overview – Regulations Relating to Foreign Exchange.” The SAFE Circular 19, the SAFE Circular 16, the SAFE Circular 3 and the SAFE Circular 8 may limit our ability to transfer to and use the loans or investment in the PRC, which may materially and adversely affect our business, results of operations and financial condition.

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

The convertibility of Renminbi into foreign currencies and, in certain cases, the remittance of currency out of China are subject to PRC foreign exchange regulations. 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. However, approval from or registration with appropriate governmental authorities is required where Renminbi is to be converted into foreign currency and remitted out of China to pay capital expenses such as the repayment of loans denominated in foreign currencies.

The PRC government may regulate cross-border transactions falling under capital account. We receive substantially all of our revenue in RMB, and we are required to meet the requirements of foreign exchange regulations in the PRC, otherwise our ability to pay dividends in foreign currencies to our shareholders, including holders of our Shares, may be limited.

PRC regulations relating to offshore investment activities by PRC residents may establish regulatory procedural requirements on PRC subsidiaries for increasing their registered capital or distribute profits to us or otherwise exposing us or our PRC resident beneficial owners to liability and penalties under PRC law.

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In July 2014, SAFE promulgated the Circular of the SAFE on Foreign Exchange Administration of Equity Financing and Round-Trip Investments by Domestic Residents via 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》) (“**Circular 37**”). Circular 37 requires PRC residents (including PRC individuals and PRC corporate entities as well as foreign individuals with a habitual residence in China due to economic interests) to register with SAFE or its local branches in connection with their direct or indirect offshore investment activities. Circular 37 further requires amendment to the SAFE registrations in the event of any changes with respect to the basic information of the offshore special purpose vehicle, such as changes of the offshore special purpose vehicle’s name and operational term, or any significant changes with respect to the PRC individual shareholder, such as the increase or decrease of capital contributions, share transfer or exchange, or mergers or divisions. Circular 37 is applicable to our shareholders who are PRC residents.

If our shareholders who are PRC residents fail to make the required registration or to update the previously filed registration, our PRC subsidiaries may be prohibited from distributing their profits or the proceeds from any capital reduction, share transfer or liquidation to us, and we may also be prohibited from making additional capital contributions into our PRC subsidiaries. In February 2015, SAFE promulgated a Notice on Further Simplifying and Improving Foreign Exchange Administration Policy 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》) (“**Notice 13**”), effective from June 2015, and further amended by SAFE on December 30, 2019. Under Notice 13, applications for foreign exchange registration of inbound foreign direct investments and outbound overseas direct investments, including those required under Circular 37, will be filed with qualified banks instead of SAFE. The qualified banks will directly examine the applications and accept registrations under the supervision of SAFE.

As of the Latest Practicable Date, to the best of our knowledge, our shareholders had complied with the requirements as stipulated under Circular 37 in all material aspects. 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 continuously comply with all requirements under Circular 37 or other related rules. The failure or inability of the relevant shareholders to comply with the registration procedures set forth in these regulations may subject us to fines and legal sanctions, such as restrictions on our cross-border investment activities, on 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. 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.

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

The Regulations on Mergers and Acquisitions of Domestic Enterprises by Foreign Investors (《關於外國投資者併購境內企業的規定》), or the M&A Rules, adopted by six PRC regulatory agencies in 2006 and amended in 2009, established, among other things, additional procedures and requirements. Such regulations require, among other things, that the foreign investor should submit a declaration to the MOFCOM in advance of any change-of-control transaction in which a foreign investor acquires control of a PRC domestic enterprise and involves any of the following circumstances: (i) any important industry is concerned, (ii) such transaction involves factors that impact or may impact national economic security, or (iii) such transaction will lead to a change in control of a domestic enterprise which holds a famous trademark or PRC time-honored brand. We do not expect that any of our further merger and acquisition will trigger the requirement to submit such declaration to MOFCOM under each of the above-mentioned circumstances or any review by other PRC government authorities. Moreover, the Anti-Monopoly Law (《中華人民共和國反壟斷法》) promulgated by the Standing Committee of the National People's Congress which became effective in 2008 requires that transactions which are deemed concentrations and involve parties with specified turnover thresholds must be notified and cleared by the Anti-Monopoly Bureau of SAMR before they can be completed.

In addition, the Rules on Implementation of Security Review System for Mergers and Acquisitions of Domestic Enterprises by Foreign Investors promulgated by MOFCOM (《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》), effective in September 2011 and Measures for the Security Review of Foreign Investment (《外商投資安全審查辦法》) that came into effect in January 2021, requires acquisitions by foreign investors of PRC companies engaged in certain industries crucial to national security be subject to security review before consummation of any such acquisition.

In the future, we may grow our business by acquiring complementary businesses. Compliance with the requirements of the above-mentioned rules and regulations and any required approval processes, including obtaining approval from competent government authorities may delay or inhibit our ability to complete such transactions.

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We are required to comply with PRC regulations regarding the registration requirements for the Employee Incentive Plans, otherwise the PRC plan participants or us may subject to fines and other legal or administrative sanctions.

In February 2012, the SAFE promulgated the Notice on Issues Concerning the Foreign Exchange Administration for Domestic Individuals Participating in Stock Incentive Plan of Overseas Publicly Listed Companies (the “SAFE Circular 7”, 《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》). Under SAFE Circular 7 and other relevant rules and regulations, PRC residents who participate in a stock incentive plan in an overseas publicly-listed company are required to register with the SAFE or its local branches or commercial banks and complete certain other procedures.

Participants in a stock incentive plan who are PRC residents must retain a qualified PRC agent, which could be a PRC subsidiary of the overseas publicly listed company or another qualified institution selected by a PRC subsidiary, to conduct 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 manage 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 its 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.

We and our PRC employees who are granted options and/or restricted share unites will be subject to these regulations upon the completion of this Global Offering. We are required to complete their SAFE registrations, otherwise we may subject these PRC residents to fines of up to RMB300,000 for entities and up to RMB50,000 for individuals, as well as legal sanctions and may also limit our ability to contribute additional capital into our PRC subsidiary, limit our PRC subsidiary’s ability to distribute dividends to us, or otherwise materially and adversely affect our business.

If we are classified as a PRC resident enterprise for PRC income tax purposes, such classification could result in PRC taxation and implications upon us and our non-PRC shareholders.

Under the Enterprise Income Tax Law and its implementing rules, an enterprise established outside of the PRC with a “de facto management body” within the PRC is considered a PRC resident enterprise. The implementing rules define the term “de facto management body” as the body that exercises full and substantial control over and overall management of the business, productions, personnel, accounts and properties of an enterprise. The STA issued the Notice Regarding the Determination of Chinese-Controlled Offshore Incorporated Enterprises as People’s Republic of China Tax Resident Enterprises on the Basis of De Facto Management Bodies (《關於境外註冊中資控股企業依據實際管理機構標準認定為居民企業有關問題的通知》) on April 22, 2009 and most recently amended on December 29, 2017 (“**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

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

We believe that none of our entities outside of China is a PRC resident enterprise for PRC tax purposes. However, the tax resident status of an enterprise is subject to determination by the PRC tax authorities and we may not accurately predict the results of their determination. If the PRC tax authorities determine that we are a PRC resident enterprise for enterprise income tax purposes, we will be subject to the enterprise income tax on our global income at the rate of 25% and we will be required to comply with PRC enterprise income tax reporting obligations.

You may be subject to PRC withholding tax on dividends from us and PRC income tax on any gain realized on the transfer of our Shares.

Under the current tax law in China, any dividends paid by us to non-PRC enterprise shareholders may be subject to PRC withholding tax at a rate of 10% in the case of non-PRC enterprise shareholders or 20% in the case of non-PRC individual shareholders if such dividends are deemed to be from PRC sources. In addition, gains realized on the sale or other disposition of our Shares may be subject to PRC tax at a rate of 10% in the case of non-PRC enterprise shareholders or 20% in the case of non-PRC individual shareholders if such gains are deemed to be from PRC sources. Any PRC tax liability may be reduced under applicable tax treaties. However, it is unclear whether non-PRC shareholders will be able to claim the benefits of any tax treaties between their country of tax residence and the PRC in the event that we are treated as a PRC resident enterprise. Any PRC tax may reduce the returns on your investment in the Shares.

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We and our shareholders may face regulations with respect to indirect transfers of equity interests in PRC resident enterprises, assets attributed to a PRC establishment of a non-PRC company or immovable properties located in China owned by non-PRC companies.

The STA issued the Bulletin on Issues of Enterprise Income Tax on Indirect Transfers of Assets 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》) on February 3, 2015 (“**Bulletin 7**”), and amended on October 17, 2017 and December 29, 2017, which partially replaced and supplemented previous rules under the Notice on Strengthening Administration of Enterprise Income Tax for Share Transfers by Non-PRC Resident Enterprises (《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》) (“**Circular 698**”), which was issued by the STA in 2009. Pursuant to Bulletin 7, an “indirect transfer” of assets, including equity interests in a PRC resident enterprise, by non-PRC resident enterprises may be re-characterized and treated as a direct transfer of PRC taxable assets, if the arrangement does not have a reasonable commercial purpose and was established for the purpose of avoiding payment of PRC enterprise income tax. As a result, gains derived from the indirect transfer may be subject to PRC enterprise income tax. According to Bulletin 7, “PRC taxable assets” include assets attributed to an establishment in China, immovable properties located in China, and equity investments in PRC resident enterprises. Gains derived from the transfer of PRC taxable assets by a direct holder that is a non-PRC resident enterprise is subject to PRC enterprise income taxes. When determining whether an arrangement has a “reasonable commercial purpose”, the following factors are considered:

- whether the value of the equity interest of the relevant offshore enterprise is mainly derived from PRC taxable assets;
- whether the assets of the relevant offshore enterprise mainly consist of direct or indirect investment in China;
- whether the income of the relevant offshore enterprise is mainly generated from China;
- whether the offshore enterprise and its subsidiaries directly or indirectly holding PRC taxable assets have real commercial nature as evidenced by actual function and risk exposure;
- for how long the existing business model and organizational structure of the relevant offshore enterprise has existed;
- the income tax payable outside of PRC on the gains derived from the indirect transfer of PRC taxable assets;
- the replicability of the arrangement by direct transfer of PRC taxable assets; and
- the tax situation of such indirect transfer and applicable tax treaties or similar arrangements.

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Gains derived from an indirect offshore transfer of assets of a PRC establishment or place of business are to be included in the enterprise income tax filing of the PRC establishment or place of business, and are subject to a PRC enterprise income tax rate of 25%. In case of a transfer of immovable properties located in China or of equity investments in a PRC resident enterprise, which is not related to a PRC establishment or place of business of a non-resident enterprise, a PRC enterprise income tax rate of 10% applies, subject to available preferential tax treatment under applicable tax treaties or similar arrangements. The party who is obligated to pay for the transfer has the withholding obligation with respect to the transfer. Where the payor fails to withhold sufficient tax, the transferor is required to declare and pay such tax to the tax authority by itself within the statutory time limit. Late payment of applicable tax will subject the transferor to overdue payments, or fines and other rectifying measures. Bulletin 7 does not apply to sales of shares by investors through a public stock exchange if the shares were acquired by the investors through a public stock exchange.

We may be subject to Bulletin 7 and previous rules under Circular 698, including reporting and other obligations with respect to certain past and future transactions where PRC taxable assets are involved, such as offshore restructuring, sale of the shares in our offshore subsidiaries or investments. We may be subject to filing obligations or taxed as the transferor, or subject to withholding obligations as the transferee, in the transactions. For transfer of our shares by investors that are non-PRC resident enterprises, our PRC subsidiaries may be requested to assist in filings under Circular 698 and Bulletin 7. We may be required to allocate valuable resources to comply with Circular 698 and Bulletin 7, to request relevant transferors from whom we purchase taxable assets to comply with these rules, or to establish that we should not be taxed under these rules, which may materially and adversely affect our results of operations and financial condition.

It may be difficult to effect service of process upon us or some of our directors or officers named in this Prospectus or to enforce foreign court judgments against them in China.

We are a company incorporated in the Cayman Islands with substantially all of our assets located within China. Most of our Directors and senior managements reside in China.

On July 14, 2006, Mainland China and Hong Kong entered into the Arrangement on Reciprocal Recognition and Enforcement of Judgments in Civil and Commercial Matters by the Courts of the Mainland and of the Hong Kong Special Administrative Region Pursuant to Choice of Court Agreements between Parties Concerned (《關於內地與香港特別行政區法院相互認可和執行當事人協議管轄的民商事案件判決的安排》) (the “2006 Arrangement”), pursuant to which a party with a final judgment rendered by a Hong Kong court requiring payment of money in a civil and commercial case pursuant to a choice of court agreement in writing may apply for recognition and enforcement of the judgment in China. Similarly, a party with a final judgment rendered by a PRC court requiring payment of money in a civil and commercial case pursuant to a choice of court agreement in writing may apply for recognition and enforcement of the judgment in Hong Kong. A choice of court agreement in writing is defined as any agreement in writing entered into between parties after the effective date of the 2006 Arrangement in which a Mainland China Court or a Hong Kong court is expressly

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designated as the court having sole jurisdiction for the dispute. Therefore, it is not possible to enforce a judgment rendered by a Hong Kong court in Mainland China if the parties in dispute have not agreed to enter into a choice of court agreement in writing. Although the Arrangement became effective on August 1, 2008, the outcome and effectiveness of any action brought under the Arrangement may still be uncertain. On January 18, 2019, the Supreme People's Court and the Hong Kong SAR Government signed the Arrangement on Reciprocal Recognition and Enforcement of Judgments in Civil and Commercial Matters by the Courts of the Mainland and of the Hong Kong Special Administrative Region (《關於內地與香港特別行政區法院相互認可和執行民商事案件判決的安排》) (the “2019 Arrangement”), which seeks to establish a mechanism with greater clarity and certainty for recognition and enforcement of judgments in a wider range of civil and commercial matters between Mainland China and Hong Kong, based on criteria other than a written bilateral choice of court agreement. The 2019 Arrangement will only take effect from its commencement date, which is not yet known. The 2019 Arrangement will, upon its effectiveness, supersede the 2006 Arrangement. However, the 2006 Arrangement will continue to apply to a choice of court agreement in writing signed before the 2019 Arrangement comes into effect.

RISKS RELATING TO THE GLOBAL OFFERING

There has been no prior public market for our Offer Shares and the liquidity and market price of our Shares may be volatile.

Prior to completion of the Global Offering, there has been no public market for our Shares. We cannot guarantee that an active trading market for our Shares will develop or be sustained after completion of the Global Offering. The Offer Price is the result of negotiations between our Company and the Overall Coordinators (for themselves and on behalf of the Underwriters), which may not be indicative of the price at which our Shares will be traded following completion of the Global Offering. The market price of our Shares may drop below the Offer Price at any time after completion of the Global Offering.

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

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, Mainland 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 initial public offerings. The trading performances of the securities of these companies at the time of or after their offerings may affect the overall

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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 adversely 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 current 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, save for certain special circumstances. Such lock-up undertakings may be waived at the discretion of the Company together with the Overall Coordinators as applicable. While we have not received any request from such persons to dispose of significant amounts of their Shares after the expiry of, or, if waived, during 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 Offer Price of our Shares is higher than the net tangible book value per Share immediately prior to the Global Offering, purchasers of our Shares in the Global Offering will experience an immediate dilution. If we issue additional Shares in the future, purchasers of our Shares in the Global Offering may experience further dilution in their shareholding percentage.

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

The trading market for our Shares depends in part on the research and reports that securities or industry analysts publish about us or our business. If research analysts do not establish and maintain adequate research coverage or if one or more of the analysts who covers us downgrades our Shares or publishes inaccurate or unfavorable research about our business, the market price for our Shares will likely decline. If one or more of these analysts cease coverage of our company or fail to publish reports on us regularly, we could lose visibility in the financial markets, which, in turn, could cause the market price or trading volume for our Shares to decline.

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There can be no assurance of the accuracy or completeness of certain facts, forecasts and other statistics obtained from various official government sources contained in this Prospectus.

This Prospectus, particularly the section headed “Industry Overview”, contains information and statistics relating to the industry in which we operate. Such information and statistics were extracted from the report prepared by Frost & Sullivan, which was commissioned by us, and from various official government publications and other publicly available publications. We engaged Frost & Sullivan to prepare the Frost & Sullivan Report, an independent industry report, in connection with the Global Offering. The information from official government sources has not been independently verified by us, the Joint Sponsors, the Overall Coordinators, the Joint Global Coordinators, the Joint Bookrunners, the Joint Lead Managers, the Underwriters, any of their respective directors and advisers, or any other persons or parties involved in the Global Offering, 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.

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 Global Offering.

We strongly caution you not to rely on any information contained in press articles or other media regarding us and the Global Offering. Prior to the publication of this Prospectus, there has been press and media coverage regarding us and the Global Offering. Such press and media coverage may include references to certain information that does not appear in this Prospectus, 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 Prospectus, we disclaim responsibility for it and you should not rely on such information.

WAIVERS FROM STRICT COMPLIANCE WITH THE LISTING RULES AND EXEMPTIONS FROM COMPLIANCE WITH THE COMPANIES (WINDING UP AND MISCELLANEOUS PROVISIONS) ORDINANCE

In preparation for the Listing, we have sought the following waivers and exemptions from strict compliance with the relevant provisions of the Listing Rules or the Companies (Winding Up and Miscellaneous Provisions) Ordinance.

WAIVER IN RESPECT OF MANAGEMENT PRESENCE IN HONG KONG

Pursuant to Rule 8.12 of the Listing Rules, our Company must have sufficient management presence in Hong Kong, which normally means that at least two of our executive Directors must ordinarily reside in Hong Kong. Given that (i) our headquarters and business operations are principally located, managed and conducted in the PRC and will continue to be principally based in the PRC; (ii) most of our Group's executive Director and senior management team principally reside in the PRC and will continue to reside in the PRC; and (iii) the management and operation of our Group have mainly been under supervision of the executive Director and senior management of our Company, who are principally responsible for the overall management, corporate strategy, planning, business development and control of our Group's business, our Company considers that it would be more practical for the executive Director and senior management of our Company to remain ordinarily resident in the PRC where our Group has substantial operations. For the above reasons, we do not have, and do not contemplate in the foreseeable future that we will have, sufficient management presence in Hong Kong for the purpose of satisfying the requirement under Rule 8.12 of the Listing Rules.

Accordingly, we have applied for, and the Stock Exchange has granted us, a waiver from strict compliance with Rule 8.12 of the Listing Rules, subject to the following conditions to maintain regular and effective communication between the Stock Exchange and ourselves:

1. **Authorized Representatives:** We have appointed Mr. Jiang and Ms. LI Jiawei (李佳蔚) (“**Ms. Li**”) as our authorized representatives (“**Authorized Representatives**”) for the purpose of Rule 3.05 of the Listing Rules. The Authorized Representatives will act as our principal channel of communication with the Stock Exchange and would be readily contactable by phone, facsimile (where available) and email to deal promptly with inquiries from the Stock Exchange. The Authorized Representatives possess valid travel documents and are able to renew such travel documents when they expire in order to visit Hong Kong, and accordingly, if required, they will be able to meet with the Stock Exchange to discuss any matters in relation to our Company within a reasonable period of time. The Authorized Representatives are authorized to communicate on our behalf with the Stock Exchange.
2. **Directors:** When the Stock Exchange wishes to contact our Directors on any matter, each of the Authorized Representatives will have all necessary means to contact all of our Directors (including our independent non-executive Directors) promptly at all times. To enhance communication between the Stock Exchange, our Authorized Representatives and our Directors, we have implemented the following measures: (a) each Director will provide his/her mobile telephone number, office telephone

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number, email address and facsimile number (to the extent applicable) to the Authorized Representatives; (b) in the event that a Director expects to travel or is otherwise out of office, he or she will provide the telephone number of the place of his or her accommodation to the Authorized Representatives; and (c) we have provided the telephone number, email address and facsimile number of each Director to the Stock Exchange. Each Director who is not ordinarily resident in Hong Kong possesses, or can apply for valid travel documents to visit and will be able to meet with the Stock Exchange within a reasonable period of time following a request to do so by the Stock Exchange. We will ensure that there are adequate and efficient means of communication among us, the Authorized Representatives, and our Directors.

3. **Compliance Advisor:** We have appointed Maxa Capital Limited as our compliance advisor (“**Compliance Advisor**”) pursuant to Rule 3A.19 of the Listing Rules, who will provide us with professional advice on continuing obligations under the Listing Rules and act as our additional channel of communication with the Stock Exchange during the period from the Listing Date to the date on which our Group complies with Rule 13.46 of the Listing Rules in respect of our financial results for the first full financial year commencing after the Listing Date. The Compliance Advisor will also provide advice to our Company in compliance with Rule 3A.23 of the Listing Rules. The Compliance Advisor will be available to answer inquiries from the Stock Exchange and will act as an additional channel of communication with the Stock Exchange when the Authorized Representatives are not available. Our Company will also inform the Stock Exchange promptly in respect of any change in the Compliance Advisor.

WAIVER IN RESPECT OF JOINT COMPANY SECRETARIES

Rule 8.17 of the Listing Rules provides that our Company must appoint a company secretary who satisfies the requirements under Rule 3.28 of the Listing Rules.

According to Rule 3.28 of the Listing Rules, our Company must appoint an individual, who, by virtue of his/her academic or professional qualifications or relevant experience, is, in the opinion of the Stock Exchange, capable of discharging the functions of company secretary.

Pursuant to Note 1 to Rule 3.28 of the Listing Rules, the Stock Exchange considers the following academic or professional qualifications to be acceptable:

- (a) a member of The Hong Kong Chartered Governance Institute;
- (b) a solicitor or barrister (as defined in the Legal Practitioners Ordinance (Chapter 159 of the Laws of Hong Kong)); and

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- (c) a certified public accountant (as defined in the Professional Accountants Ordinance (Chapter 50 of the Laws of Hong Kong)).

In addition, pursuant to Note 2 to Rule 3.28 of the Listing Rules, in assessing “relevant experience”, the Stock Exchange will consider the individual’s:

- (a) length of employment with the issuer and other issuers and the roles he/she played;
- (b) familiarity with the Listing Rules and other relevant laws and regulations, including the SFO, Companies Ordinance, Companies (Winding Up and Miscellaneous Provisions) Ordinance and the Takeovers Code;
- (c) relevant training taken and/or to be taken in addition to the minimum requirement under Rule 3.29 of the Listing Rules; and
- (d) professional qualifications in other jurisdictions.

We have appointed Ms. Li and Mr. CHUNG Ming Fai (鍾明輝) (“**Mr. Chung**”) as the joint company secretaries of our Company. See “Directors and Senior Management – Joint Company Secretaries” for further biographical details of Ms. Li and Mr. Chung.

Mr. Chung is a fellow of the Hong Kong Institute of Certified Public Accountants and a member of CPA Australia. He fully meets the qualification requirements stipulated under Rule 3.28 of the Listing Rules and is in compliance with Rule 8.17 of the Listing Rules.

Accordingly, while Ms. Li does not possess the qualifications required of a company secretary under Rule 3.28 of the Listing Rules, we have applied to the Stock Exchange for, and the Stock Exchange has granted, a waiver from strict compliance with the requirements under Rules 3.28 and 8.17 of the Listing Rules on the basis of the arrangements below:

- (a) Ms. Li will endeavor to attend relevant training courses, including briefings on the latest changes to the relevant applicable Hong Kong laws and regulations and the Listing Rules which will be organized by our Hong Kong legal advisors on an invitation basis and seminars organized by the Stock Exchange for listed issuers from time to time;
- (b) both Ms. Li and Mr. Chung have confirmed that each of them will be attending a total of no less than 15 hours of training courses on the Listing Rules, corporate governance, information disclosure, investor relations as well as the functions and duties of the company secretary of a Hong Kong listed issuer during each financial year as required under Rule 3.29 of the Listing Rules;

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- (c) Mr. Chung will assist Ms. Li to enable her to acquire the relevant experience (as required under Rule 3.28 of the Listing Rules) to discharge the duties and responsibilities as our company secretary;
- (d) Mr. Chung will communicate regularly with Ms. Li on matters relating to corporate governance, the Listing Rules and any other laws and regulations which are relevant to our Company and its affairs. Mr. Chung will work closely with, and provide assistance to, Ms. Li in the discharge of her duties as a company secretary, including organizing our Board meetings and Shareholders' general meetings;
- (e) upon expiry of Ms. Li's initial term of appointment for an initial period of three years from the Listing Date as the company secretary of our Company, our Company will evaluate her experience in order to determine if she has acquired the qualifications required under Rule 3.28 of the Listing Rules, and whether ongoing assistance should be arranged so that Ms. Li's appointment as the company secretary of the Company continues to satisfy the requirements under Rules 3.28 and 8.17 of the Listing Rules;
- (f) our Company has appointed Maxa Capital Limited as its Compliance Advisor pursuant to Rule 3A.19 of the Listing Rules which will act as an additional communication channel with the Stock Exchange and provide professional guidance and advice to our Company and Ms. Li as to the compliance with the Listing Rules and all other applicable laws and regulations; and
- (g) the waiver can be revoked with immediate effect if Ms. Li ceases to be assisted by a person with qualifications under Rules 3.28 and 8.17 of the Listing Rules or if there are material breaches of the Rules 3.28 and 8.17 of the Listing Rules by our Company.

Before the end of the three-year period, we shall demonstrate to, and seek confirmation from, the Stock Exchange that Ms. Li (being the proposed company secretary not fulfilling the qualification requirements under Rule 3.28 of the Listing Rules), having had the benefit of the assistance during the three-year period from Mr. Chung (being the proposed company secretary qualified under Rule 3.28 of the Listing Rules), has attained the relevant experience within the meaning of Note 2 to Rule 3.28 of the Listing Rules and is capable of discharging the functions of company secretary, so that a further waiver would not be necessary.

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WAIVER AND EXEMPTION IN RELATION TO THE COMPANY'S PRE-IPO EQUITY INCENTIVE PLAN

Rule 17.02(1)(b) of the Listing Rules requires that full details of all outstanding options and awards and their potential dilution effect upon listing as well as the impact on the earnings per share from the issue of shares in respect of such outstanding options or awards be disclosed in this Prospectus.

Under paragraph 27 of Appendix D1A to the Listing Rules, we are required to disclose in this Prospectus particulars of any capital of any member of our Group which is under option, or agreed conditionally or unconditionally to be put under option, including the consideration for which the option was or will be granted and the price and duration of the option, and the name and address of the grantee.

Under paragraph 10 of Part I of the Third Schedule to the Companies (Winding Up and Miscellaneous Provisions) Ordinance, we are required to disclose in this Prospectus details of the number, description and amount of Shares which a person has, or is entitled to be given, an option to subscribe for, together with certain particulars of each option, namely the period during which it is exercisable, the price to be paid for Shares subscribed for under it, the consideration (if any) given or to be given for it or for the right to it, and the names and addresses of the persons to whom it or the right to it was given.

As of the Latest Practicable Date, our Company had granted outstanding options (the “**Options**”) under the Pre-IPO Equity Incentive Plan to 203 individuals (the “**Grantees**”), including an executive Director, three members of senior management and 199 employees (including 20 former employees) of our Company, to subscribe for a total of 7,383,288 Shares under the terms and conditions of the Pre-IPO Equity Incentive Plan, representing approximately 4.20% of the issued share capital of our Company as at the Latest Practicable Date and approximately 3.62% of the total issued share capital of our Company immediately following the completion of the Global Offering (assuming the Share Cancellation has been completed and all Preferred Shares have been converted into the Shares on a one-to-one basis). There is no potential dilution effect on the shareholding as the Shares underlying the Options granted under the Pre-IPO Equity Incentive Plan are already in issue. For further details, see the section headed “Statutory and General Information – D. Share Incentive Scheme” in Appendix IV to this Prospectus.

We have applied to (i) the Stock Exchange for a waiver from strict compliance with the requirements under Rule 17.02(1)(b) of and paragraph 27 of Appendix D1A to the Listing Rules; and (ii) the SFC for an exemption from strict compliance with paragraph 10(d) of Part I of the Third Schedule to the Companies (Winding Up and Miscellaneous Provisions) Ordinance pursuant to section 342A of the Companies (Winding Up and Miscellaneous Provisions) Ordinance in connection with the disclosure of certain details relating to the

**WAIVERS FROM STRICT COMPLIANCE WITH THE LISTING RULES
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Pre-IPO Equity Incentive Plan and the Grantees on the ground that full compliance with such disclosure requirements would be unduly burdensome for our Company and the waiver and the exemption would not prejudice the interest of the investing public for the following reasons:

- (a) given that 203 Grantees are involved, our Directors consider that it would be unduly burdensome to disclose full details of all the Options granted by us in this Prospectus, which would involve a substantial number of pages of content to be inserted into this Prospectus, significantly increasing the cost and timing for information compilation and Prospectus preparation;
- (b) the key information of the Pre-IPO Equity Incentive Plan will be disclosed in this Prospectus, including (i) a summary of the latest terms of the Pre-IPO Equity Incentive Plan; (ii) the aggregate number of Shares subject to the Options and the percentage of our Shares of which such number represents; (iii) the potential dilution effect on shareholdings and the impact on earnings per Share upon full exercise of the Options immediately following completion of the Global Offering; (iv) the details of the Options granted under the Pre-IPO Equity Incentive Plan by the range of underlying Shares, including the date of grant, the exercise period and the exercise price for the Options;
- (c) the grant and exercise in full of the Options under the Pre-IPO Equity Incentive Plan will not cause any material adverse impact to the financial position of our Group; and
- (d) the lack of full compliance with the disclosure requirements set out above will not prevent potential investors from making an informed assessment of the activities, assets and liabilities, financial position, management and prospects of our Group and will not prejudice the interests of any potential investors.

In light of the above, our Directors believe that the grant of the waiver and exemption sought under this application and the non-disclosure of the required information will not hinder potential investors from making an informed assessment of the activities, assets and liabilities, financial position, management and prospects of our Group and will not prejudice the interest of the public investors.

The Stock Exchange has granted to us a waiver from strict compliance with the disclosure requirements under Rule 17.02(1)(b) of the Listing Rules and paragraph 27 of Appendix D1A to the Listing Rules with respect to the options granted under the Pre-IPO Equity Incentive Plan subject to the conditions that:

- (a) the grant of a certificate of exemption from strict compliance with the relevant Companies (Winding Up and Miscellaneous Provisions) Ordinance requirements by the SFC;

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- (b) on an individual basis, full details of all the Options granted by the Company under the Pre-IPO Equity Incentive Plan to (i) each of the Directors, senior management and connected persons of the Company and (ii) Grantees who had been granted Options to subscribe for an aggregate number of 100,000 or more Shares, including all the particulars required under Rule 17.02(1)(b) of the Listing Rules, paragraph 27 of Appendix D1A to the Listing Rules and paragraph 10 of Part I of the Third Schedule to the Companies (Winding Up and Miscellaneous Provisions) Ordinance, be disclosed in this Prospectus;
- (c) in respect of the Options granted by our Company to the remaining Grantees other than those referred to in sub-paragraph (b) above (the “**Other Grantees**”), the following details will be disclosed in this Prospectus, on an aggregate basis, and categorized into lots based on numbers of Shares underlying each individual Grantees, being (i) 1-9,999 Shares; and (ii) 10,000-99,999 Shares, and for each lot of Shares: (i) the number of the Other Grantees and number of Shares underlying the Options granted under the Pre-IPO Equity Incentive Plan; (ii) the consideration paid for the grant of Options; and (iii) the exercise period and the exercise price of the Options granted under the Pre-IPO Equity Incentive Plan;
- (d) the aggregate number of Shares underlying the outstanding Options granted and the percentage of our Company’s total issued share capital represented by such number of Shares as of the Latest Practicable Date will be disclosed in this Prospectus;
- (e) the dilutive effect and the impact on earnings per Share upon the full exercise of the Options will be disclosed in the section headed “Statutory and General Information – D. Share Incentive Scheme” in Appendix IV to this Prospectus;
- (f) a summary of the principal terms of the Pre-IPO Equity Incentive Plan will be disclosed in the section headed “Statutory and General Information – D. Share Incentive Scheme” in Appendix IV to this Prospectus;
- (g) the particulars of the waiver are set out in this Prospectus; and
- (h) a full list of all the Grantees who had been granted Options to subscribe for Shares under the Pre-IPO Equity Incentive Plan (including the persons referred to in sub-paragraphs (b) and (c) above), containing all details as required under Rule 17.02(1)(b) of and paragraph 27 of Appendix D1A to the Listing Rules and paragraph 10(d) of Part I of the Third Schedule to the Companies (Winding Up and Miscellaneous Provisions) Ordinance be made available for public inspection in accordance with “Documents Delivered to the Registrar of Companies and Available on Display and for Inspection” in Appendix V to this Prospectus.

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The SFC has granted a certificate of exemption under section 342A of the Companies (Winding Up and Miscellaneous Provisions) Ordinance exempting our Company from strict compliance with paragraph 10(d) of Part I of the Third Schedule to the Companies (Winding Up and Miscellaneous Provisions) Ordinance pursuant to section 342A of the Companies (Winding Up and Miscellaneous Provisions) Ordinance subject to the conditions that:

- (a) on an individual basis, full details of all the Options granted by our Company under the Pre-IPO Equity Incentive Plan to (i) each of our Directors, senior management and connected persons of our Company and (ii) Grantees who had been granted Options to subscribe for an aggregate number of 100,000 or more Shares, are disclosed in this Prospectus, such details to include all the particulars required under paragraph 10 of Part I of the Third Schedule to the Companies (Winding Up and Miscellaneous Provisions) Ordinance;
- (b) in respect of the Options granted by our Company under the Pre-IPO Equity Incentive Plan to the Other Grantees, the following details be fully disclosed in this Prospectus, on an aggregate basis, and categorized into lots based on numbers of Shares underlying each individual Grantees, being (i) 1-9,999 Shares; and (ii) 10,000-99,999 Shares, and for each lot of Shares: (i) the aggregate number of the Other Grantees and number of Shares subject to the Options; (ii) the consideration paid for the grant of Options; and (iii) the exercise period and the exercise price for the Options;
- (c) a full list of all the grantees (including the persons referred to in sub-paragraphs (a) and (b) above) who have been granted Options to subscribe for Shares under the Pre-IPO Equity Incentive Plan, containing all details as required under paragraph 10 of Part I of the Third Schedule to the Companies (Winding Up and Miscellaneous Provisions) Ordinance, be made available for public inspection in accordance with “Documents Delivered to the Registrar of Companies and Available on Display and for Inspection” in Appendix V to this Prospectus;
- (d) the particulars of the exemption be set out in this Prospectus; and
- (e) this Prospectus is issued on or before June 28, 2024.

Further details of the Pre-IPO Equity Incentive Plan are set out in the section headed “Statutory and General Information – D. Share Incentive Scheme” in Appendix IV to this Prospectus.

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WAIVER IN RESPECT OF CONTINUING CONNECTED TRANSACTIONS

We have entered into, and are expected to continue certain transactions which will constitute non-exempt continuing connected transactions of our Company under the Listing Rules upon the Listing. Accordingly, we have applied to the Stock Exchange for, and the Stock Exchange has granted, waivers from strict compliance with (where applicable) (i) the announcement; (ii) the annual reporting requirement; (iii) the independent Shareholders' approval requirement; (iv) the annual cap requirement; and (v) the requirement of limiting the term of the continuing connected transactions under Chapter 14A of the Listing Rules. For further details in this respect, see "Connected Transactions" in this Prospectus.

**WAIVER AND CONSENT IN RELATION TO SUBSCRIPTION OF THE OFFER
SHARES**

GAIG

Rule 9.09(b) of the Listing Rules provides that there must be no dealing in the securities for which listing is sought by any core connected person of an issuer (except as permitted by Rule 7.11 of the Listing Rules) from 4 clear business days before the expected hearing date until listing is granted.

Rule 10.04 of the Listing Rules provides that a person who is an existing shareholder of the issuer may only subscribe for or purchase securities for which listing is sought which are being marketed by or on behalf of a new applicant either in his or its own name or through nominees if the conditions in Rules 10.03(1) and (2) are satisfied. The conditions under Rule 10.03 of the Listing Rules are that (1) no securities are offered to the existing shareholder on a preferential basis and no preferential treatment is given to the existing shareholder in the allocation of the securities; and (2) the minimum prescribed percentage of public shareholders required by Rule 8.08(1) of the Listing Rules is achieved.

Paragraph 5(2) of Appendix F1 to the Listing Rules prohibits allocation of shares in a global offering to existing shareholders of the applicant or their close associates, whether in their own names or through nominees, unless the conditions in Rules 10.03 and 10.04 are fulfilled or prior written consent of the Stock Exchange has been obtained.

Paragraph 12 in Chapter 4.15 of the Guide provides that, the Stock Exchange will ordinarily agree to grant a consent and waiver for allocation to existing shareholders or their close associates if it is satisfied that the actual or perceived preferential treatment arising from their ability to influence the applicant during the allocation process can be addressed.

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Paragraph 15 in Chapter 4.15 of the Guide provides that, the Stock Exchange will generally not presume that there is preferential treatment under the following circumstances, and fulfilment of the Existing Shareholders Conditions (as defined in the Guide) above is not required for: among others, existing shareholders purchasing securities pursuant to an anti-dilution provision.

Paragraph 13 in Chapter 4.2 of the Guide also provides that, exercise of anti-dilution rights before and in connection with the IPO is permissible if:

- the allocation is necessary to give effect to pre-existing contractual rights;
- there is full disclosure of the anti-dilution rights and the number of shares to be subscribed in the listing document and the allotment results announcement; and
- the additional shares will be subscribed at the IPO price.

Immediately before the completion of the Global Offering and assuming the Share Cancellation has been completed, both GAIG and China Lounge are Controlling Shareholders, and GAIG and China Lounge directly held 20.53% and 15.05% of the total issued share capital of our Company, respectively, and collectively held 35.58% of the total issued share capital of our Company. China Lounge is a wholly-owned subsidiary of GAC, whilst GAC is owned by GAIG as to 52.51%.

Pursuant to the currently effective shareholders' agreement (the "**Shareholders Agreement**") entered into by and among our Company and each of the Pre-IPO Investors (including, but not limited to, GAIG and China Lounge), (i) each Shareholder has been granted with an anti-dilution right to subscribe for, or to designate its affiliate(s) to subscribe for, the Offer Shares under the Global Offering (the "**Anti-dilution Right(s)**"); and (ii) each Shareholder or its designated affiliate(s) (as the case may be) shall pay the Offer Price for each Offer Share subscribed, and our Company shall issue such number of Offer Shares to Shareholders or their designated affiliates. In the Shareholders Agreement, the term affiliate(s) is defined as that in respect of a particular person, means any other persons which directly or indirectly through one or more intermediaries, controls, is controlled by, or is under common control with, such person.

GAIG has notified our Company that it will exercise its Anti-dilution Right, and China Lounge has notified our Company that it will exercise its Anti-dilution Right and designate its affiliate, GAIG, to pay for, and subscribe for, the Offer Shares. GAIG will invest no more than RMB350 million (including brokerage, transaction levies and stock exchange trading fees) to subscribe for no more than 35.20% of the Offer Shares to be issued in connection with the Global Offering in respect of exercise of the Anti-dilution Rights of GAIG and China Lounge, and participate in the Global Offering as a cornerstone investor.

WAIVERS FROM STRICT COMPLIANCE WITH THE LISTING RULES AND EXEMPTIONS FROM COMPLIANCE WITH THE COMPANIES (WINDING UP AND MISCELLANEOUS PROVISIONS) ORDINANCE

Upon subscription of the Offer Shares by GAIG pursuant to the Anti-dilution Rights, based on the low-end of the indicative range of the Offer Price, GAIG and China Lounge will hold approximately 22.68% and 12.84%, respectively, and collectively hold approximately 35.52% of the total issued share capital of our Company and GAIG, GAC and China Lounge will remain a group of controlling shareholders of our Company.

Our Company has applied for, and the Stock Exchange has granted, a waiver from strict compliance with the requirements under Rules 9.09(b) and 10.04 of, and a consent under paragraph 5(2) of Appendix F1 to, the Listing Rules, to allow GAIG, a core connected person, to subscribe for Offer Shares in the Global Offering as a cornerstone investor based on the following reasons and/or conditions:

- (a) the allocation of the Offer Shares to GAIG is necessary to give effect to the pre-existing contractual right, namely the Anti-Dilution Right, under the Shareholders Agreement;
- (b) full disclosure of the Anti-Dilution Rights and the number of shares to be subscribed for by GAIG will be made in the Prospectus and the allotment results announcement of our Company;
- (c) GAIG shall subscribe for the Offer Shares at the Offer Price under substantially the same terms as other cornerstone investors in the Global Offering;
- (d) allocation of the Offer Shares to GAIG will not affect our Company's ability to satisfy the public float requirement under Rule 8.08 of the Listing Rules; and
- (e) subscription of the Offer Shares by GAIG will not result in the percentage of equity interest collectively and directly held by GAIG and China Lounge in our Company exceeding that immediately prior to the Global Offering.

Hongkong Pony AI Limited

Rule 10.04 of the Listing Rules provides that a person who is an existing shareholder of the issuer may only subscribe for or purchase securities for which listing is sought which are being marketed by or on behalf of a new applicant either in his or its own name or through nominees if the conditions in Rules 10.03(1) and (2) are satisfied. The conditions under Rule 10.03 of the Listing Rules are that (1) no securities are offered to the existing shareholder on a preferential basis and no preferential treatment is given to the existing shareholder in the allocation of the securities; and (2) the minimum prescribed percentage of public shareholders required by Rule 8.08(1) of the Listing Rules is achieved.

WAIVERS FROM STRICT COMPLIANCE WITH THE LISTING RULES AND EXEMPTIONS FROM COMPLIANCE WITH THE COMPANIES (WINDING UP AND MISCELLANEOUS PROVISIONS) ORDINANCE

Paragraph 5(2) of Appendix F1 to the Listing Rules prohibits allocation of shares in a global offering to existing shareholders of the applicant or their close associates, whether in their own names or through nominees, unless the conditions in Rules 10.03 and 10.04 are fulfilled or prior written consent of the Stock Exchange has been obtained.

Paragraph 12 in Chapter 4.15 of the Guide provides that, the Stock Exchange will ordinarily agree to grant a consent and waiver for allocation to existing shareholders or their close associates if it is satisfied that the actual or perceived preferential treatment arising from their ability to influence the applicant during the allocation process can be addressed.

Paragraph 15 in Chapter 4.15 of the Guide provides that, the Stock Exchange will generally not presume that there is preferential treatment under the following circumstances, and fulfilment of the Existing Shareholders Conditions (as defined in the Guide) above is not required for: among others, existing shareholders purchasing securities pursuant to an anti-dilution provision.

Paragraph 13 in Chapter 4.2 of the Guide also provides that, exercise of anti-dilution rights before and in connection with the IPO is permissible if:

- the allocation is necessary to give effect to pre-existing contractual rights;
- there is full disclosure of the anti-dilution rights and the number of shares to be subscribed in the listing document and the allotment results announcement; and
- the additional shares will be subscribed at the IPO price.

Hongkong Pony AI Limited (“**Pony AI**”) is an existing Shareholder of our Company, holding approximately 5.39% of the total issued share capital of our Company immediately before the completion of the Global Offering, assuming the Share Cancellation has been completed.

Pursuant to the Shareholders Agreement entered into by and among our Company and each of the Pre-IPO Investors (including, but not limited to, Pony AI), (i) each Shareholder has been granted with the Anti-dilution Rights to subscribe for, or to designate its affiliate(s) to subscribe for, the Offer Shares under the Global Offering.

Pony AI has notified the Company that it will exercise its Anti-dilution Right and invest HK\$53,642,313.06 (including brokerage, transaction levies, stock exchange trading fees and other miscellaneous expenses). Upon subscription of Offer Shares by Pony AI pursuant to the Anti-dilution Right, based on the low-end of the indicative range of the Offer Price, Pony AI will hold approximately 5.37% of the total issued share capital of the Company.

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Our Company has applied for, and the Stock Exchange has granted, a waiver from strict compliance with the requirements under Rule 10.04 of, and a consent under paragraph 5(2) of Appendix F1 to, the Listing Rules, to allow Pony AI, an existing shareholder, to subscribe for Offer Shares in the Global Offering as a cornerstone investor based on the following reasons and/or conditions:

- (a) the allocation of the Offer Shares to Pony AI is necessary to give effect to the pre-existing contractual right, namely the Anti-Dilution Right, under the Shareholders Agreement;
- (b) full disclosure of the Anti-Dilution Rights and the number of shares to be subscribed for by Pony AI will be made in the Prospectus and the allotment results announcement of our Company;
- (c) Pony AI shall subscribe for the Offer Shares at the Offer Price under substantially the same terms as other cornerstone investors in the Global Offering;
- (d) allocation of the Offer Shares to Pony AI will not affect our Company's ability to satisfy the public float requirement under Rule 8.08 of the Listing Rules; and
- (e) subscription of the Offer Shares by Pony AI will not result in the percentage of equity interest held by Pony AI in our Company exceeding that immediately prior to the Global Offering.

Voyager Global Inc.

Rule 10.04 of the Listing Rules provides that a person who is an existing shareholder of the issuer may only subscribe for or purchase securities for which listing is sought which are being marketed by or on behalf of a new applicant either in his or its own name or through nominees if the conditions in Rules 10.03(1) and (2) are satisfied. The conditions under Rule 10.03 of the Listing Rules are that (1) no securities are offered to the existing shareholder on a preferential basis and no preferential treatment is given to the existing shareholder in the allocation of the securities; and (2) the minimum prescribed percentage of public shareholders required by Rule 8.08(1) of the Listing Rules is achieved.

Paragraph 5(2) of Appendix F1 to the Listing Rule prohibits allocation of shares in a global offering to existing shareholders of the applicant or their close associates, whether in their own names or through nominees, unless the conditions in Rules 10.03 and 10.04 are fulfilled or prior written consent of the Stock Exchange has been obtained.

WAIVERS FROM STRICT COMPLIANCE WITH THE LISTING RULES AND EXEMPTIONS FROM COMPLIANCE WITH THE COMPANIES (WINDING UP AND MISCELLANEOUS PROVISIONS) ORDINANCE

Paragraph 12 in Chapter 4.15 of the Guide provides that, the Stock Exchange will ordinarily agree to grant a consent and waiver for allocation to existing shareholders or their close associates if it is satisfied that the actual or perceived preferential treatment arising from their ability to influence the applicant during the allocation process can be addressed.

Paragraph 13 in Chapter 4.15 of the Guide provides that, subject to other paragraphs in the Guide, the Stock Exchange requires the following conditions to be fulfilled, with confirmation from the relevant party indicated, when consider granting a consent and waiver from Rule 10.04 of the Listing Rules to placing to existing shareholders or their close associates:

- cornerstone investment agreement does not contain any material term which is more favorable to the existing shareholder or its close associate than those in other cornerstone investment agreements;
- no preferential treatment is given to the existing shareholder or its close associates;
- existing shareholder (a) has less than 5% voting rights in the applicant before the offering; (b) is not a core connected person or its close associate; (c) does not have the power to appoint directors or any other special rights; and
- allocation to the existing shareholder or its close associates will not affect the applicant's ability to satisfy the public float requirement and details of the allocation will be disclosed in the listing document and/or the allotment results announcement.

Voyager Group Inc. ("**Voyager**") is contemplating participating in the Global Offering through cornerstone investment. Voyager is a company incorporated in the Cayman Islands and is controlled by DiDi Global Inc. ("**DiDi**") as to approximately 70.4% as of the Latest Practicable Date. Jovial Lane Limited, a wholly-owned subsidiary of DiDi, is an existing Shareholder of our Company, holding approximately 2.87% of the total issued share capital of our Company immediately before the completion of the Global Offering, assuming the Share Cancellation has been completed. Therefore, Voyager is a close associate of an existing Shareholder of our Company.

Our Company has applied for, and the Stock Exchange has granted, a waiver from strict compliance with the requirements under Rule 10.04 of, and a consent under paragraph 5(2) of Appendix F1 to, the Listing Rules, to allow Voyager, a close associate of an existing shareholder, to subscribe for Offer Shares in the Global Offering as a cornerstone investor based on the following reasons and/or conditions:

- (a) our Company confirms that Voyager's cornerstone investment agreement does not contain any material term which is more favorable than those in other cornerstone investment agreements;

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- (b) our Company, the Joint Sponsors and the Overall Coordinators confirm that no preferential treatment is given to Voyager;
- (c) the Joint Sponsors confirm that Jovial Lane Limited (i) has less than 5% voting rights in our Company before the Global Offering; (ii) is not a core connected person or its close associate of our Company; (iii) does not have the power to appoint Directors or any other special rights; and
- (d) allocation of the Offer Shares to Voyager will not affect our Company's ability to satisfy the public float requirement and details of the allocation will be disclosed in the listing document and/or the allotment results announcement.

INFORMATION ABOUT THIS PROSPECTUS AND THE GLOBAL OFFERING

DIRECTORS' RESPONSIBILITY FOR THE CONTENTS OF THIS PROSPECTUS

This Prospectus, for which our Directors (including any proposed director who is named as such in this Prospectus) collectively and individually accept full responsibility, includes particulars given in compliance with the Companies (Winding Up and Miscellaneous Provisions) Ordinance, the Securities and Futures (Stock Market Listing) Rules (Chapter 571V of the Laws of Hong Kong) and the Listing Rules for the purpose of giving information to the public with regard to our Group. Our Directors, having made all reasonable inquiries, confirm that, to the best of their knowledge and belief, the information contained in this Prospectus is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this Prospectus misleading.

CSRC FILING REQUIREMENT

The CSRC issued the Notice of Filing on June 13, 2024 for the Global Offering and for the listing of the Shares on the Stock Exchange. In granting its notice of filing, the CSRC accepts no responsibility for our financial soundness, nor for the accuracy of any of the statements made or opinions expressed in this Prospectus.

INFORMATION ON THE GLOBAL OFFERING, STRUCTURE AND CONDITIONS OF THE GLOBAL OFFERING AND PROCEDURES FOR APPLICATION FOR HONG KONG OFFER SHARES

The Hong Kong Offer Shares are offered solely on the basis of the information contained, representations made, and on and subject to the terms and conditions set out, in this Prospectus. No person is authorized to give any information in connection with the Global Offering or to make any representation not contained in this Prospectus, and any information or representation not contained in this Prospectus must not be relied upon as having been authorized by our Company, the Joint Sponsors, the Overall Coordinators, the Joint Global Coordinators, the Joint Bookrunners, the Joint Lead Managers, the Underwriters, any of their respective directors, agents, employees or advisors or any other party involved in the Global Offering.

Neither the delivery of this Prospectus nor any offering, sale or delivery made in connection with the Offer Shares should, under any circumstances, constitute a representation that there has been no change or development reasonably likely to involve a change in our affairs since the date of this Prospectus or imply that the information contained in this Prospectus is correct as of any date subsequent to the date of this Prospectus.

Details of the structure of the Global Offering, including its conditions, are set out in “Structure of the Global Offering”, and the procedures for applying for the Hong Kong Offer Shares are set out in “How to Apply for Hong Kong Offer Shares”.

INFORMATION ABOUT THIS PROSPECTUS AND THE GLOBAL OFFERING

UNDERWRITING

This Prospectus is published solely in connection with the Hong Kong Public Offering, which forms part of the Global Offering. For applicants under the Hong Kong Public Offering, this Prospectus sets out the terms and conditions of the Hong Kong Public Offering.

The Listing is sponsored by the Joint Sponsors and the Global Offering is managed by the Overall Coordinators. The Hong Kong Public Offering is fully underwritten by the Hong Kong Underwriters under the terms of the Hong Kong Underwriting Agreement and is subject to our Company and the Overall Coordinators (for themselves and on behalf of the Hong Kong Underwriters) agreeing on the Offer Price. An International Underwriting Agreement relating to the International Offering is expected to be entered into on or around Monday, July 8, 2024, subject to the Offer Price being agreed.

If, for any reason, our Company and the Overall Coordinators (for themselves and on behalf of the Hong Kong Underwriters) are unable to reach an agreement on the Offer Price on or before Monday, July 8, 2024, the Global Offering will not proceed and will lapse. For full information about the Underwriters and the underwriting arrangements, see “Underwriting” in this Prospectus.

RESTRICTIONS ON OFFER AND SALE OF THE SHARES

Each person acquiring the Hong Kong Offer Shares under the Hong Kong Public Offering will be required to, or be deemed by his/her acquisition of the Shares to, confirm that he/she is aware of the restrictions on offers of the Offer Shares described in this Prospectus.

No action has been taken to permit a public offering of the Offer Shares in any jurisdiction other than in Hong Kong, or the distribution of this Prospectus in any jurisdiction other than Hong Kong. Accordingly, this Prospectus may not be used for the purpose of, and does not constitute, an offer or invitation in any jurisdiction or in any circumstances in which such an offer or invitation is not authorized or to any person to whom it is unlawful to make such an offer or invitation. The distribution of this Prospectus and the offering of the Offer Shares in other jurisdictions are subject to restrictions and may not be made except as permitted under the applicable securities laws of such jurisdictions pursuant to registration with, or authorization by, the relevant securities regulatory authorities or an exemption therefrom.

APPLICATION FOR LISTING ON THE STOCK EXCHANGE

We have applied to the Listing Committee for the granting of the listing of, and permission to deal in, the Shares in issue and to be issued pursuant to the Global Offering.

No part of our Company’s Shares or loan capital is listed on or dealt in on any other stock exchange and no such listing or permission to list is being or proposed to be sought in the near future. All the Shares will be registered on the branch register of our Company in Hong Kong in order to enable them to be traded on the Stock Exchange.

INFORMATION ABOUT THIS PROSPECTUS AND THE GLOBAL OFFERING

COMMENCEMENT OF DEALINGS IN THE SHARES

Dealings in the Shares on the Stock Exchange are expected to commence at 9:00 a.m. on Wednesday, July 10, 2024. The Shares will be traded in board lots of 100 Shares each. The stock code of the Shares will be 9680.

Under section 44B(1) of the Companies (Winding Up and Miscellaneous Provisions) Ordinance, any allotment made in respect of any application will be invalid if the listing of, and permission to deal in, the Shares on the Stock Exchange is refused before the expiration of three weeks from the date of the closing of the application lists, or such longer period (not exceeding six weeks) as may, within the said three weeks, be notified to our Company by the Stock Exchange.

ADMISSION OF THE SHARES INTO CCASS

Subject to the granting of the listing of, and permission to deal in, the Shares on the Stock Exchange and our compliance with the stock admission requirements of HKSCC, our Shares will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the Listing Date or any other date HKSCC chooses. Settlement of transactions between Exchange Participants (as defined in the Listing Rules) is required to take place in CCASS on the second settlement day after any trading day. All activities under CCASS are subject to the HKSCC and HKSCC Operational Procedures in effect from time to time. Investors should seek the advice of their stockbrokers or other professional advisors for details of the settlement arrangements as such arrangements may affect their rights and interests. All necessary arrangements have been made enabling the Shares to be admitted into CCASS.

REGISTER OF MEMBERS AND STAMP DUTY

Our Company's principal register of members will be maintained by our principal registrar, Maples Fund Services (Cayman) Limited, in the Cayman Islands, and our Company's Hong Kong register of members will be maintained by our Hong Kong Share Registrar, Tricor Investor Services Limited, in Hong Kong.

All Shares issued pursuant to applications made in the Hong Kong Public Offering and the International Offering will be registered on the Hong Kong branch register of members of our Company in Hong Kong. Dealings in the Shares will be subject to Hong Kong stamp duty.

DIVIDENDS PAYABLE TO HOLDERS OF SHARES

Unless determined otherwise by our Company, dividends payable in Hong Kong dollars in respect of the Shares will be paid to the Shareholders listed on the Hong Kong register of members of our Company, by ordinary post, at the Shareholders' risk, to the registered address of each Shareholder.

INFORMATION ABOUT THIS PROSPECTUS AND THE GLOBAL OFFERING

PROFESSIONAL TAX ADVICE RECOMMENDED

Potential investors in the Global Offering are recommended to consult their professional advisors if they are in any doubt as to the taxation implications of subscribing for, purchasing, holding or disposal of, and dealing in, our Shares (or exercising rights attached to them). None of us, the Joint Sponsors, the Overall Coordinators, the Joint Global Coordinators, the Joint Bookrunners, the Joint Lead Managers, the Underwriters, any of their respective directors or any other person or party involved in the Global Offering accepts responsibility for any tax effects on, or liabilities of, any person resulting from the subscription, purchase, holding or disposal of, dealing in, or the exercise of any rights in relation to, our Shares.

EXCHANGE RATE CONVERSION

Solely for your convenience, this Prospectus contains translations among certain amounts denominated in Renminbi, Hong Kong dollars and U.S. dollars. No representation is made that the amounts denominated in one currency could actually be converted into the amounts denominated in another currency at the rates indicated or at all.

Unless indicated otherwise, (a) the conversion between Hong Kong dollars and Renminbi was made at the rate of RMB0.91095 to HK\$1.00, being the exchange rate published by the PBOC for foreign exchange transactions prevailing on the Latest Practicable Date; (b) the conversion between Hong Kong dollars and U.S. dollars was made at the rate of HK\$7.8103 to US\$1.00; and (c) the translation between Renminbi and U.S. dollars was made at the rate of RMB7.1148 to US\$1.00, being the exchange rate published by the PBOC for foreign exchange transactions prevailing on the Latest Practicable Date. Any discrepancies in any table between totals and sums of amounts listed therein are due to rounding.

LANGUAGE

If there is any inconsistency between this Prospectus and the Chinese translation of this Prospectus, this Prospectus shall prevail. Translated English names of Chinese laws and regulations, governmental authorities, departments, entities (including certain of our subsidiaries), institutions, natural persons, facilities, certificates, titles and the like included in this Prospectus and for which no official English translation exists are unofficial translations for identification purposes only. In the event of any inconsistency, the Chinese name prevails.

ROUNDING

Certain amounts and percentage figures included in this Prospectus have been subject to rounding adjustments, or have been rounded to one or two decimal places. Any discrepancies in any table, chart or elsewhere between totals and sums of amounts listed therein are due to rounding.

DIRECTORS AND PARTIES INVOLVED IN THE GLOBAL OFFERING

For further information on our Directors, see “Directors and Senior Management” in this Prospectus.

DIRECTORS

Name	Address	Nationality
Executive Director		
Mr. JIANG Hua (蔣華)	Room 903 No. 51, Yongsheng Street Yuexiu District Guangzhou City Guangdong Province China	Chinese
Non-executive Directors		
Mr. GAO Rui (高銳)	Room 601 No. 72, Huijing North Road Tianhe District Guangzhou City Guangdong Province China	Chinese
Ms. XIAO Yan (肖艷)	Room 102 Block 10, Courtyard No. 24 Huanghua Road Yuexiu District Guangzhou City Guangdong Province China	Chinese
Mr. LIANG Weiqiang (梁偉強)	Room 605 No. 205, Tianhe East Road Tianhe District Guangzhou City Guangdong Province China	Chinese
Mr. ZHONG Xiangping (鍾翔平)	6-26A, Aocheng Garden Phase II Houhai Bin Road Nanshan District Shenzhen Guangdong Province China	Chinese

DIRECTORS AND PARTIES INVOLVED IN THE GLOBAL OFFERING

Ms. BAI Hui (柏卉)	5-903, Kandu International Community Chaoyang District Beijing China	Chinese
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Independent non-executive Directors

Mr. ZHANG Junyi (張君毅)	Room 202 No. 28, Lane 88 Jiangwancheng Road Yangpu District Shanghai China	Chinese
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Mr. ZHANG Senquan (張森泉)	Flat C&D, Floor 37 Block 10 Yee Lai Court South Horizons Phase II 10 South Horizon Drive Hong Kong	Chinese (Hong Kong)
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Mr. LI Maoxiang (李貿祥)	Room 601 6/F Building 12 Gu Bei Zhong Yang Hua Yuan 500 South Yi Li Road Shanghai China	Chinese
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DIRECTORS AND PARTIES INVOLVED IN THE GLOBAL OFFERING

PARTIES INVOLVED IN THE GLOBAL OFFERING

**Joint Sponsors, Sponsor-Overall
Coordinators, Overall Coordinators and
Joint Global Coordinators**
(in no particular order)

**China International Capital Corporation
Hong Kong Securities Limited**
29/F, One International Finance Centre
1 Harbour View Street
Central
Hong Kong

**Huatai Financial Holdings (Hong Kong)
Limited**
62/F, The Center
99 Queen's Road
Central
Hong Kong

ABCI Capital Limited
11/F, Agricultural Bank of China Tower
50 Connaught Road
Central
Hong Kong

Joint Bookrunners
(in no particular order)

**China International Capital Corporation
Hong Kong Securities Limited**
29/F, One International Finance Centre
1 Harbour View Street
Central
Hong Kong

**Huatai Financial Holdings (Hong Kong)
Limited**
62/F, The Center
99 Queen's Road
Central
Hong Kong

ABCI Capital Limited
11/F, Agricultural Bank of China Tower
50 Connaught Road Central
Hong Kong

TradeGo Markets Limited
Room 3405, West Tower, Shun Tak Centre
168-200 Connaught Road Central
Hong Kong

Livermore Holdings Limited
Unit 1214A, 12/F, Tower II
Cheung Sha Wan Plaza
833 Cheung Sha Wan Road
Kowloon
Hong Kong

DIRECTORS AND PARTIES INVOLVED IN THE GLOBAL OFFERING

Joint Lead Managers

(in no particular order)

China International Capital Corporation

Hong Kong Securities Limited

29/F, One International Finance Centre

1 Harbour View Street

Central

Hong Kong

Huatai Financial Holdings (Hong Kong)

Limited

62/F, The Center

99 Queen's Road

Central

Hong Kong

ABCI Securities Company Limited

10/F, Agricultural Bank of China Tower

50 Connaught Road Central

Hong Kong

Capital Market Intermediaries

(in no particular order)

China International Capital Corporation

Hong Kong Securities Limited

29/F, One International Finance Centre

1 Harbour View Street

Central

Hong Kong

Huatai Financial Holdings (Hong Kong)

Limited

62/F, The Center

99 Queen's Road Central

Hong Kong

ABCI Capital Limited

11/F, Agricultural Bank of China Tower

50 Connaught Road Central

Hong Kong

ABCI Securities Company Limited

10/F, Agricultural Bank of China Tower

50 Connaught Road Central

Hong Kong

DIRECTORS AND PARTIES INVOLVED IN THE GLOBAL OFFERING

TradeGo Markets Limited

Room 3405, West Tower, Shun Tak Centre
168-200 Connaught Road Central
Hong Kong

Livermore Holdings Limited

Unit 1214A, 12/F, Tower II
Cheung Sha Wan Plaza
833 Cheung Sha Wan Road
Kowloon
Hong Kong

Legal Advisors to our Company

As to Hong Kong and U.S. laws:

Clifford Chance

27/F, Jardine House
One Connaught Place
Central
Hong Kong

As to PRC law:

Haiwen & Partners

20/F, Fortune Financial Center
5 Dong San Huan Central Road
Chaoyang District
Beijing
China

As to PRC Data Compliance law:

King & Wood Mallesons

18th Floor, East Tower
World Financial Center
1 Dongsanhuan Zhonglu
Chaoyang District
Beijing
PRC

DIRECTORS AND PARTIES INVOLVED IN THE GLOBAL OFFERING

As to Cayman Islands law:

Maples and Calder (Hong Kong) LLP
26th Floor, Central Plaza
18 Harbour Road
Wanchai
Hong Kong

**Legal Advisors to the Joint Sponsors and
the Underwriters**

As to Hong Kong and U.S. laws:

Paul Hastings
22/F, Bank of China Tower
1 Garden Road
Central
Hong Kong

As to PRC law:

Commerce & Finance Law Offices
12-14th Floor, China World Office 2
No. 1 Jianguomenwai Avenue
Beijing
China

**Reporting Accountants and Independent
Auditor**

KPMG
Certified Public Accountants
8th Floor, Prince's Building
10 Chater Road
Central
Hong Kong

Industry Consultant

**Frost & Sullivan (Beijing) Inc., Shanghai
Branch Co.**
2504, Wheelock Square
1717 West Nanjing Road
Shanghai
China

Receiving Bank

Bank of China (Hong Kong) Limited
1 Garden Road
Hong Kong

CORPORATE INFORMATION

Registered Office	PO Box 309 Ugland House Grand Cayman, KY1-1104 Cayman Islands
Head Office and Principal Place of Business in the PRC	No. 30-4, Kaitai Avenue Huangpu District Guangzhou City Guangdong Province China
Principal Place of Business in Hong Kong	40th Floor, Dah Sing Financial Centre No. 248 Queen's Road East Wanchai Hong Kong
Company's Website	<u>https://www.ruqimobility.com</u> <i>(The information contained in the website does not form part of this Prospectus)</i>
Joint Company Secretaries	Ms. LI Jiawei (李佳蔚) No. 30-4, Kaitai Avenue Huangpu District Guangzhou City Guangdong Province China Mr. CHUNG Ming Fai (鍾明輝) <i>(Fellow of the Hong Kong Institute of Certified Public Accountants and member of CPA Australia)</i> 40th Floor, Dah Sing Financial Centre No. 248 Queen's Road East Wanchai Hong Kong

CORPORATE INFORMATION

Authorized Representatives

Mr. JIANG Hua (蔣華)
No. 30-4, Kaitai Avenue
Huangpu District
Guangzhou City
Guangdong Province
China

Ms. LI Jiawei (李佳蔚)
No. 30-4, Kaitai Avenue
Huangpu District
Guangzhou City
Guangdong Province
China

Audit Committee

Mr. ZHANG Senquan (張森泉) (Chairperson)
Mr. LI Maoxiang (李賢祥)
Mr. ZHANG Junyi (張君毅)

Remuneration Committee

Mr. ZHANG Junyi (張君毅) (Chairperson)
Mr. LI Maoxiang (李賢祥)
Mr. GAO Rui (高銳)

Nomination Committee

Mr. GAO Rui (高銳) (Chairperson)
Mr. LI Maoxiang (李賢祥)
Mr. ZHANG Junyi (張君毅)

Compliance Advisor

Maxa Capital Limited
Unit 2602, 26/F, Golden Centre
188 Des Voeux Road Central
Sheung Wan
Hong Kong

Hong Kong Share Registrar

Tricor Investor Services Limited
17/F, Far East Finance Centre
16 Harcourt Road
Hong Kong

CORPORATE INFORMATION

Principal Share Registrar

Maples Fund Services (Cayman) Limited

PO Box 1093
Boundary Hall
Cricket Square
Grand Cayman, KY1-1102
Cayman Islands

Principal Banks

**CITIC Bank Guangzhou International
Building Branch**

1/F, Guangdong International Building
No. 339 Huan Shi East Road
Yuexiu District
Guangzhou City
Guangdong Province
China

**China Construction Bank Guangzhou
Development District Branch**

2/F, China Construction Bank
No. 8 Kehui 4th Street
Kehui Development Centre
Science Avenue
Huangpu District
Guangzhou City
Guangdong Province
China

INDUSTRY OVERVIEW

The information and statistics set out in this section and other sections of this prospectus were extracted from the report prepared by Frost & Sullivan, which was commissioned by us, and from various official government publications and other publicly available publications. We engaged Frost & Sullivan to prepare the Frost & Sullivan Report, an independent industry report, in connection with the Global Offering. The information from official government sources has not been independently verified by us, the Joint Sponsors, the Overall Coordinators, the Joint Global Coordinators, the Joint Bookrunners, the Joint Lead Managers, the Underwriters, any of their respective directors and advisers, or any other persons or parties involved in the Global Offering, and no representation is given as to its accuracy.

VAST MOBILITY MARKET AND ABUNDANT GROWTH OPPORTUNITIES IN CHINA AND GREATER BAY AREA

China has the largest urban population in the world. The urbanization rate reached 66.2% in 2023 and is expected to reach 71.3% in 2028 and 72% in 2035. The per capital annual disposable income in China increased from RMB28.2 thousand in 2018 to RMB39.2 thousand in 2023. As one of the fastest-growing city clusters in China, the Greater Bay Area (“GBA”) has an urban population of 69.1 million in 2023, with an urbanization rate exceeding 87.8%. GDP of the region reached RMB11.0 trillion in 2023, accounting for 8.7% of the country’s economic aggregate. The per capita annual disposable income of the GBA was RMB66.7 thousand in 2023, which was 72% higher than the national average. This number is forecasted to reach RMB86.5 thousand in 2028 and RMB107.8 thousand in 2035, suggesting the GBA population’s strong spending power that sustains the region’s demand for high-quality mobility services. The total spending on mobility services in China, including public transit, ride-hailing, taxi and other mobility services, reached RMB5.2 trillion in 2023. It is projected to rise to RMB8.7 trillion by 2028, with the GBA accounting for over 11% of the total expenditure in that year. Total spending on mobile services in China is expected to reach RMB10.1 trillion by 2035.

However, residents in China are facing many challenges or pain points with respect to mobility:

- *Traffic congestion.* China’s average urban population density is 2.9 thousand people per km², which is significantly higher than that of the U.S. (around 0.95 thousand people per km²). Such high urban population density has led to traffic congestion, especially in rush hours. The average commute time in major cities such as Beijing, Guangzhou and Shenzhen was more than 37 minutes in 2023.
- *Environmental pollution.* Currently, traditional Internal Combustion Engine (“ICE”) vehicles remain dominant among registered, privately-owned vehicles in China. Penetration rate of New Energy Vehicles (“NEVs”) in terms of the number of vehicles in 2023 was only 34.6%. A vast majority of the vehicles on the road still use fossil fuels and emit GHG and other pollutants.

INDUSTRY OVERVIEW

- *Low utilization rate of privately-owned vehicles.* Privately-owned vehicles are typically parked for long hours and are used mostly for daily commute. Consequently, the average utilization rate of privately-owned vehicles in China is less than 30%, while their values continuously depreciate during useful lives, causing significant waste of resources.
- *Stringent registration and utilization policies.* Many cities in China, such as Beijing and Shanghai, have executed vehicle registration or utilization restriction policies, which limit the number of vehicles that can be registered and operated within central areas. Due to the high demand for vehicles and the limited supply of license plates, many potential vehicle owners have to participate in a lottery system or an auction to obtain a vehicle registration. This process can be time-consuming, costly and uncertain.

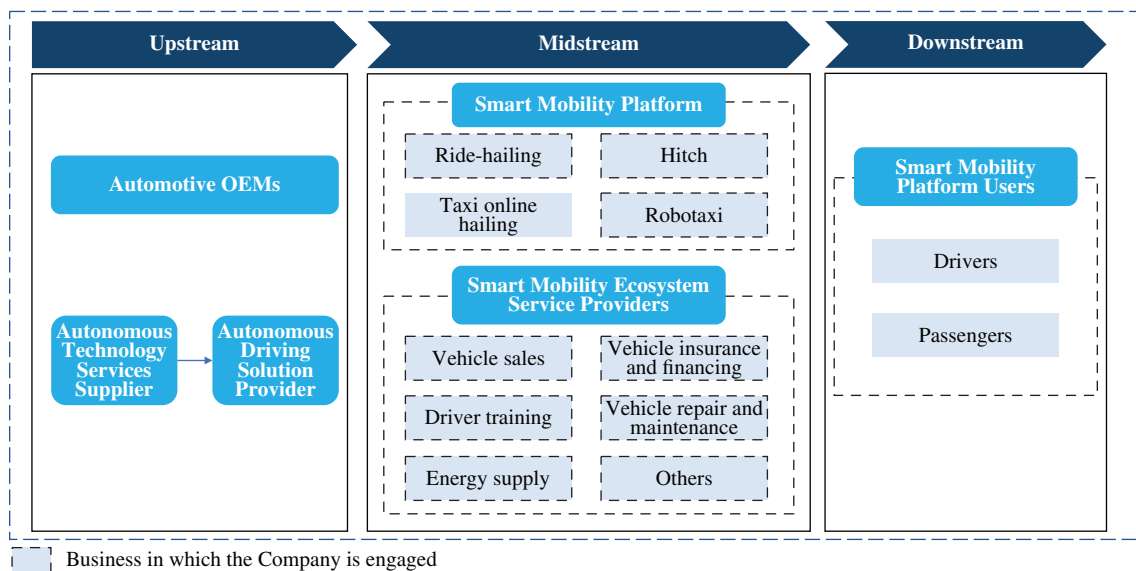
Driven by continuous technological advancement, including Internet technologies, big data analytics, Internet of Things (“**IoT**”) and Artificial Intelligence (“**AI**”), new trends and growth opportunities have emerged in recent years with the potential to address the aforementioned problems:

- *Sharing economy and platform economy.* Driven by technological advancement and increasing consumer purchasing power, the sharing economy and the platform economy have grown to a multitrillion-RMB market in China. Influenced by the principle of the sharing economy and platform economy, smart mobility service platforms endeavor to introduce affordable mobility options.
- *Electrification in automobile industry.* Electrification has become a growing trend in the automobile industry, both in China and worldwide. Major economies, including China, the EU and the U.S., are committed to accelerating the adoption of NEVs. The penetration rate of NEVs in terms of sales volume is expected to reach 72.1% in 2028 in China, up from 34.6% in 2023, primarily due to favorable policies and technological advancement. The penetration rate of NEVs in China is expected to reach 86.0% by 2035.
- *Autonomous driving in mobility industry.* Driven by the goal of cost reduction, Robotaxi is a new trend in transportation services. It leverages the principles of sharing economy and platform economy to provide affordable mobility options. With autonomous driving technology, Robotaxis operate without human drivers, reducing labor costs and offering round-the-clock service availability. Technological advancements and increasing acceptance of autonomous vehicles have facilitated the emergence and growth of Robotaxi services. This innovative approach to transportation has the potential to revolutionize travel, providing a more cost-effective and efficient mobility solution.

INDUSTRY OVERVIEW

SIGNIFICANT MARKET POTENTIAL OF SMART MOBILITY INDUSTRY IN CHINA

Smart mobility encompasses innovative solutions for passenger vehicles including ride-hailing, hitch, taxi online hailing and Robotaxis, utilizing technology to enhance transportation efficiency, sustainability and user experience. These services, enabled by digital platforms, offer convenient, personalized and eco-friendly travel options. Smart mobility integrates new technologies, including electric powertrain, wireless communication, Internet technologies, big data analytics and AI, making transportation safer and more efficient. The chart below illustrates the value chain of the smart mobility industry:



Source: Frost & Sullivan Analysis

INDUSTRY OVERVIEW

The following chart sets forth a comparison of the key aspects of ride-hailing, hitch/carpooling, taxi online hailing and Robotaxi services.

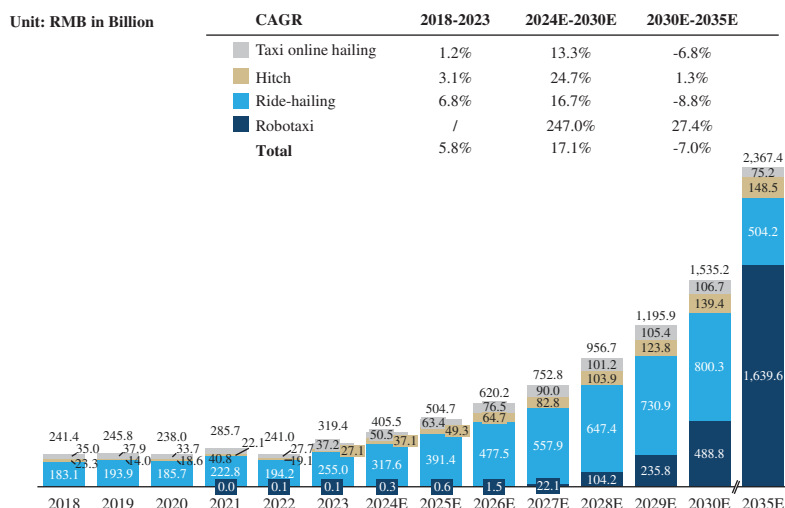
	Ride-hailing	Hitch/Carpooling	Taxi online hailing	Robotaxi (in 2023)	Robotaxi (in future)
Definition	<ul style="list-style-type: none"> Ordering a personalized ride online via mobile applications, which are provided by ride-hailing platforms – a type of third party that mediates the service between the driver and the passenger. 	<ul style="list-style-type: none"> Collaborative use of a private car by several individuals traveling along the same or similar itinerary at mutually compatible times In the smart mobility industry, “hitch” and “carpooling” essentially refer to the same concept, but the terms are sometimes interchangeably used in practice. 	<ul style="list-style-type: none"> Ordering a traditional taxi online via mobile applications, which are provided by ride-hailing platforms – a type of third party that mediates the service between the taxi driver and the passenger. 	<ul style="list-style-type: none"> A driverless shared mobility vehicle built-in with L4 and L5 autonomous driving technology 	
Transport Capacity Supply	<ul style="list-style-type: none"> Mainly from car rental companies or car financial leasing companies (>50%) Private car owners 	<ul style="list-style-type: none"> Generally private car owners 	<ul style="list-style-type: none"> Generally taxi companies 	<ul style="list-style-type: none"> Robotaxi platforms Autonomous Driving Solution Providers 	<ul style="list-style-type: none"> Robotaxi platforms Robotaxi fleet
Drivers	<ul style="list-style-type: none"> Professional drivers 	<ul style="list-style-type: none"> Generally private car owners 	<ul style="list-style-type: none"> Professional drivers 	<ul style="list-style-type: none"> Driverless 	<ul style="list-style-type: none"> Driverless
Operating Permit in Transportation Industry	<p>Platform: Ride-hailing Operation Permit (網絡預約出租汽車經營許可證)</p> <p>Vehicle: Ride-hailing Vehicle Permit (網絡預約出租車運輸證)</p> <p>Driver: Ride-hailing Driver Permit (網絡預約出租汽車駕駛員證)</p>	<ul style="list-style-type: none"> Vehicle: no permit requirement Driver: no permit requirement 	<p>Vehicle: Road Transportation Permit (道路運輸證)</p> <p>Driver: Cruising Driver Permit (巡遊出租汽車駕駛員證)</p>	<p>Platform:</p> <p>General operating permit:</p> <ul style="list-style-type: none"> Ride-hailing Operation Permit (網絡預約出租汽車經營許可證) <p>Regional operating permit (non-exhaustive):</p> <ul style="list-style-type: none"> Beijing: Unmanned Passenger Demonstration Application Notification Letter (無人化載人示範應用通知書) Guangzhou: Unmanned Autonomous Passenger Service Testing Permit (無人駕駛遠程載客測試許可); Robotaxi Operation Permit (自動駕駛車輛出租車運營許可) Pudong, Shanghai: Driverless Autonomous Connected Vehicle Road Testing Permit (無駕駛人智能網聯汽車道路測算許可證) 	<ul style="list-style-type: none"> N/A
Nature of the Mobility Mode	Commercial	Collaborative	Commercial	Commercial	Commercial
Pricing	Generally 0.8x to 4.0x of local taxi price based on different service types	0.3x-0.5x of local taxi price	1.0x of local taxi price	1.0x of local taxi price	Less than 1.0x of local taxi price

Source: Frost & Sullivan

Smart mobility platforms offer a more efficient and convenient mobility experience. Users are able to order a customized ride service through their smartphone applications and travel to the designated location within a few minutes. The market size of China smart mobility services fluctuated from 2020 to 2022, mainly attributable to the travel restrictions and reduced mobility caused by the COVID-19 pandemic. Going forward, the lifting of travel restrictions is expected to create a positive outlook for the smart mobility market in China. As people resume their daily commute, the demand for relevant services is expected to rebound. With the continual advancement of autonomous driving technologies, Robotaxi has the potential to offer a more cost-effective and safer travel experience to passengers, driving the growth of the smart mobility market in China. The chart below illustrates the growth prospects of the China smart mobility market.

INDUSTRY OVERVIEW

China Passenger Vehicle Smart Mobility, GTV, 2018-2030E, 2035E



Notes:

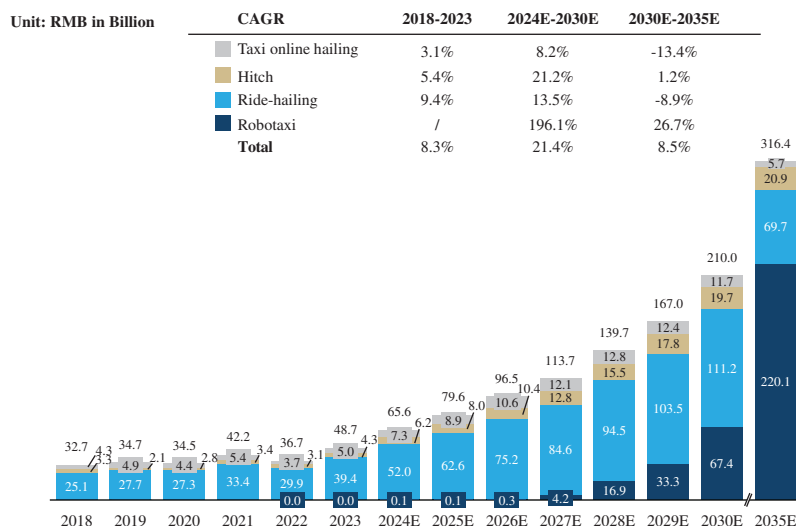
1. The projected size of China passenger vehicle smart mobility market is determined by various factors, such as Chinese population, the China's urbanization rate, per capita traveling expenses, issuance of compliance certificates for ride-hailing vehicles, government regulations, and advancements in Robotaxi related technology.
2. The estimation of the market size for each smart mobility category is determined by the total number of orders within that category multiplied by their average prices per order.
3. The methodology takes into consideration the expected growth in overall demand for smart mobility services. This growth is influenced by economic development and a higher level of urbanization in the population. Additionally, the average prices per order for different smart mobility categories are anticipated to steadily increase in tandem with economic development and rising per capita traveling expenses.

Source: Listed companies' public filings, Government statistics, Expert Interview and Frost & Sullivan Analysis

INDUSTRY OVERVIEW

As one of the five major city clusters and one of the most developed regions in China, the GBA shows strong demand potential for mobility services. The chart below shows the total GTV of smart mobility services in GBA:

The Greater Bay Area passenger vehicle smart mobility market size by GTV, 2018-2030E, 2035E



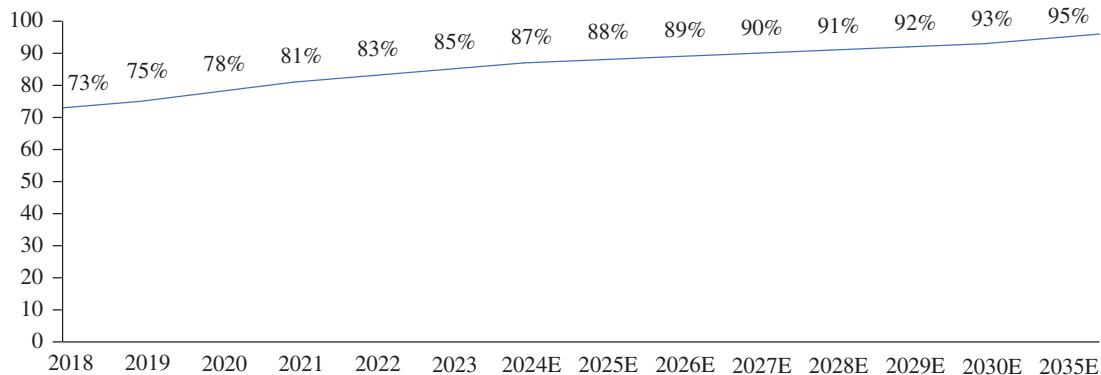
Note: The projected size of GBA passenger vehicle smart mobility market is determined by various factors, such as the population of the GBA, the GBA's urbanization rate, GBA's per capita traveling expenses, issuance of compliance certificates for ride-hailing vehicles, government regulations, and advancements in Robotaxi related technology.

Source: Listed companies' public filings, Government statistics, Expert Interview and Frost & Sullivan Analysis

The Response Rate in the China Smart Mobility Market measures the efficiency of ride-hailing services in promptly meeting user transportation requests. Due to China's vast territory and dense population, difficulties in accessing transportation services persist in remote areas and during peak hours in densely populated regions. While the industry's Response Rate has improved from around 73% in 2018 to 85% in 2023, achieving a 100% Response Rate would lead to significant idle capacity, making it challenging for drivers to earn a sustainable income. As a result, some drivers may choose to leave the industry before reaching this threshold. With the anticipated introduction of robotaxi services, the industry's Response Rate is expected to peak at around 95%, balancing service efficiency and driver livelihood sustainability.

INDUSTRY OVERVIEW

The Response Rate of China Smart Mobility Market, 2018-2030E, 2035E



Source: Frost & Sullivan

In recent years, the proportion of ride-hailing orders from third-party mobility service platforms has been increasing. Third-party mobility service platforms aggregate multiple service providers, efficiently connecting users with more drivers simultaneously. This effectively reduces passenger waiting times, improves industry response rate and customer experience, and makes these platforms the preferred choice for many travelers. According to Frost & Sullivan, orders from third-party mobility service platforms accounted for less than 20% of the total ride-hailing orders in 2021. Since July 2022, when the MOT began publishing monthly order volumes from third-party mobility service platforms, this share has risen from 22.0% in July 2022 to 28.9% in December 2023. For the full year of 2023, the percentage of orders from third-party mobility service platforms reached 27.6%. Excluding Company A, the largest ride-hailing company in China, the share of ride-hailing orders from third-party mobility service platforms in the industry has increased from 45%-50% in 2021 to 70%-75% in 2023. The Company's GTV generated from orders placed on third-party mobility service platforms amounted to RMB209.7 million, RMB504.4 million and RMB1,617.5 million, respectively, representing 16.0%, 28.7% and 59.6% of the total GTV from ride-hailing services, respectively, which is in line with the industry trend.

Growth Drivers of China Smart Mobility Market

- *Increasing demand for convenient and high-quality mobility services.* Driven by the increasing urban population and household disposable income in China, more users are expected to use the more convenient, comfortable and efficient smart mobility services. In addition, compared to the cheaper means of transportation, such as public transit or two-wheelers, using more convenient, comfortable and efficient smart mobility services represents the trend of consumption upgrade.
- *Advanced technologies enhancing quality of mobility services.* The evolution of advanced technologies, particularly in autonomous driving, serves as a pivotal driver propelling the growth of the China Smart Mobility Market. Innovations such as big data analytics, the Internet of Things (IoT), and artificial intelligence (AI) are

INDUSTRY OVERVIEW

revolutionizing the automotive and mobility industry, fostering increased efficiency and elevated service standards. By harnessing big data analytics and AI algorithms, companies enhance route planning precision and optimize order dispatching, resulting in heightened service efficiency and reduced response times across smart mobility platforms. This emphasis on technological advancement not only enhances operational capabilities but also stimulates market expansion by meeting evolving consumer demands for smarter, more efficient transportation solutions. Moreover, the growing recognition of the transformative potential of autonomous driving technology services and fleet sale and maintenance solutions among industry stakeholders underscores their instrumental role in shaping the future trajectory of the smart mobility sector.

- *Environmental Sustainability and Urban Planning.* The focus on environmental sustainability and urban planning initiatives further propels the smart mobility industry. As cities grapple with congestion, pollution, and the need for efficient transportation systems, smart mobility solutions offer an eco-friendly alternative. Electric vehicles, shared mobility options, and integrated transportation systems contribute to the broader goal of creating sustainable, eco-conscious urban environments. Government efforts and public awareness campaigns promote the adoption of green and intelligent mobility solutions as integral components of modern urban planning. Government policies outlined in key documents such as the “14th Five-Year Plan for Digital Economy Development” and the “New Energy Vehicle Industry Development Plan (2021-2035)”, published by the State Council of the People’s Republic of China in 2022 and 2020 respectively, drive market development across sectors including ride-hailing, new energy vehicles, and intelligent connected vehicles. Prioritizing environmentally friendly transportation solutions, these policies promote electric vehicles and shared mobility options to address urban congestion and reduce air pollution.
- *Technological innovations reducing operating costs.* The labor cost of drivers constitutes a significant portion of smart mobility services cost. However, autonomous driving is developing rapidly and is committed to substitute drivers, lowering the cost of mobility services and expanding the potential user base by attracting price-sensitive users.

Development Trends of China Smart Mobility Market

- *Consumption upgrade.* Due to the increasing disposable income of consumers and growing demand from business travel customers, the smart mobility market is experiencing the consumption upgrade. In response, service providers focus on service enhancements, integrating new technologies and offering tailored solutions to meet the evolving needs and expectations of customers. This upgrade aims to provide safer, more efficient and personalized transportation experiences, catering to the preferences of a more affluent and discerning user base.

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- *Regulatory enhancement.* The PRC government has accelerated the enhancement of the regulatory environment for the smart mobility industry since 2016. For instance, *Managerial Regulations on the Supervision Information Interactive Platform of Vehicles for Ride-hailing* (《網絡預約出租汽車監管信息交互平台運行管理辦法》) and *Notice on Strengthening the Joint Supervision on Vehicle Rental Industry* (《關於加強網絡預約出租汽車行業事中事後聯合監管有關工作的通知》), which were issued by MOT in May 2022 and May 2018, respectively, aimed to increase the level of supervision and standardization in the industry to improve the experience and safety of drivers and riders. This enhancement shall continue as higher compliance becomes one of the key areas of competition for smart mobility services providers.
- *Wider adoption of NEVs in smart mobility operation.* Promoting the development of the NEV industry has become the national strategy of the PRC government. Developing the NEV industry is a crucial initiative in achieving carbon neutrality and transformation of the automobile and mobility industry. Driven by the increasing sales volume of NEVs and the relevant favorable policies in China, NEVs are expected to become the mainstream smart mobility fleet in the future.
- *More intelligent and efficient mobility services.* Big data analytics, IoT and AI technologies are expected to reshape the smart mobility industry and the entire mobility industry, by developing autonomous driving capabilities, substitute human drivers and commercializing the operation of Robotaxi. Compared to traditional smart mobility services, Robotaxi is a more efficient innovative smart mobility mode with lower energy consumption.

Entry Barriers of China Smart Mobility Market

- **Licensing and Regulations.** The smart mobility industry is subject to strict regional and national regulations, requiring new entrants to comply with various licenses and regulations for lawful operation. The complexity and regional variations of these regulations raise entry barriers, demanding significant time and resources to meet regulatory requirements.
- **Capital Requirements.** The smart mobility industry is capital-intensive, with new entrants needing substantial funding to develop technology, conduct market promotion, and provide customer support. This capital demand makes it challenging for new entrants to compete with established competitors who have already built a financial advantage, limiting market entry.
- **Brand Recognition and Network Effects.** Early entrants in the market have established strong brand recognition, making it challenging for new entrants to attract customers and drivers. Additionally, network effects mean that more users and drivers using a particular platform enhance its attractiveness, but establishing such effects takes time and resources for new platforms.

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- **Technology and Data.** The smart mobility industry relies on advanced technology support, including mobile applications, real-time data analytics, and intelligent dispatch systems. Having a degree of advanced technology and data analytics capability is crucial for gaining a competitive edge in the industry, presenting a technological barrier that new entrants must overcome.

Threats and Challenges of China Smart Mobility Market

- **Regulatory and Compliance Risks.** The smart mobility industry is subject to complex regulations and compliance requirements, which may vary by provinces and cities. Non-compliance may result in fines, suspensions, or legal disputes. Therefore, market participants need to closely monitor regulatory changes and ensure compliant operations to mitigate regulatory risks.
- **Intense Competition.** The smart mobility market is highly competitive, with many market participants vying for limited driver and passenger resources. This can lead to price wars and profit margin pressures, posing challenges to a company's profitability. Market participants with strong brand recognition and large user bases are typically more competitive, making it difficult for new entrants to establish market share.
- **Cost Management and Profitability.** The ability to manage costs associated with driver compensation, technology platform development, and routine operation can be critical. Sustained capital investment may be required to survive and excel from intense market competition, before yielding returns. Hence, effective cost management and profitability strategies are crucial for smart mobility service providers.
- **Navigating New Technological Challenges.** As technology continues to advance, industry participants face a dual challenge. Continuous technological advancement is crucial for maintaining competitiveness, and the upgrading of technologies presents challenges on various fronts. For instance, the proliferation of autonomous driving may constrain opportunities for traditional drivers, giving rise to social issues. Additionally, the substantial costs linked to technology implementation pose operational hurdles. In these dynamically evolving times, the adaptability of the smart mobility industry is paramount for effectively addressing these challenges.

ROBOTAXI – THE FUTURE OF SMART MOBILITY

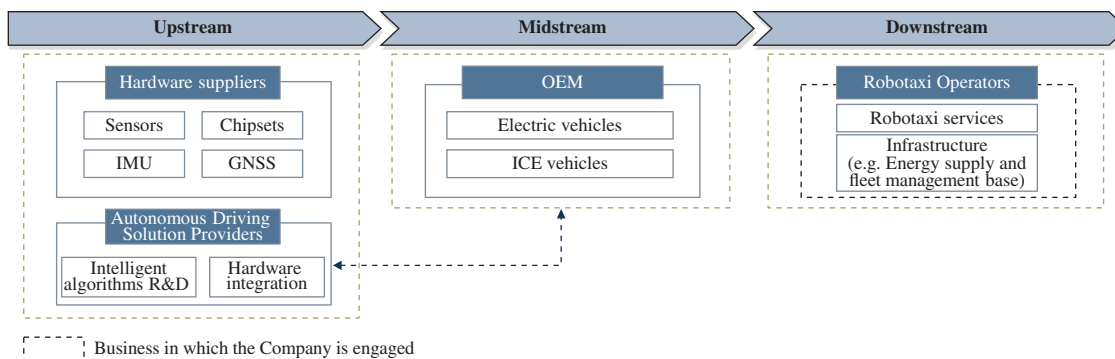
The Robotaxi represents a driverless smart mobility vehicle equipped with advanced L4 or L5 autonomous driving technology. This technology relies on an array of sensors for environmental perception, supported by machine learning algorithms within the computer systems to make decisions, while the vehicle control system executes these choices, ensuring secure navigation along predetermined routes. This paradigm shift hinges on technological advancements such as intelligent sensors and algorithms. In China, more than 90% of fatal

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accidents are attributed to human error, as per the Ministry of Public Security. Robotaxi's cutting-edge technology enhances emergency decision-making, thus ensuring safer mobility services. Moreover, its adoption can lead to reduced operational expenses, consequently enhancing the affordability of mobility solutions.

Robotaxi, as the future of smart mobility, has garnered interest from various industries. The chart below outlines its value chain, including hardware suppliers, vehicle OEMs, autonomous driving solution providers, and Robotaxi operators.

Value Chain of Robotaxi



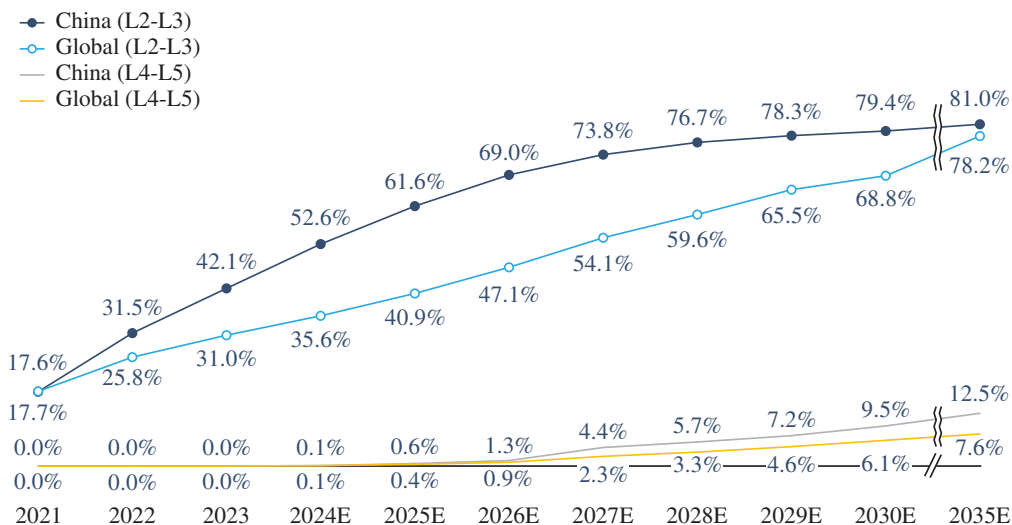
Source: Literature Research, Expert Interview and Frost & Sullivan Analysis

Robotaxi is in its initial stages, currently undergoing real-world trials and commercial pilot programs in selected regions. Its development is driven by two primary factors: the increasing integration of autonomous driving technology in vehicles, which enhances Robotaxi's market potential, and the anticipated reduction in manufacturing and operational costs as autonomous technology matures and scales up. The large-scale commercialization of Robotaxi is projected to occur by 2026.

L2-L3 vehicles are currently feasible and popular with consumers, offering enhanced safety and user experience. The chart below shows the penetration rates for various smart driving technologies, including L2-L3 and L4-L5 vehicles.

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Global and China L2-L3 vehicles and L4-L5 vehicles Penetration Rates, 2021-2030E, 2035E



Notes:

1. The projected size of penetration rate is determined by various factors, including advancements in technology, pricing trends, consumer preferences, government regulations, and the business plans of OEMs.
2. Government development plans, industry white papers, relevant news, publicly available information from major industry players, strategic development objectives of core component suppliers, and the industry players' assessments and expectations regarding the development of the market has been considered during the calculation of the penetration rates growth.

Source: Listed companies' public filings, Expert Interview and Frost & Sullivan Analysis

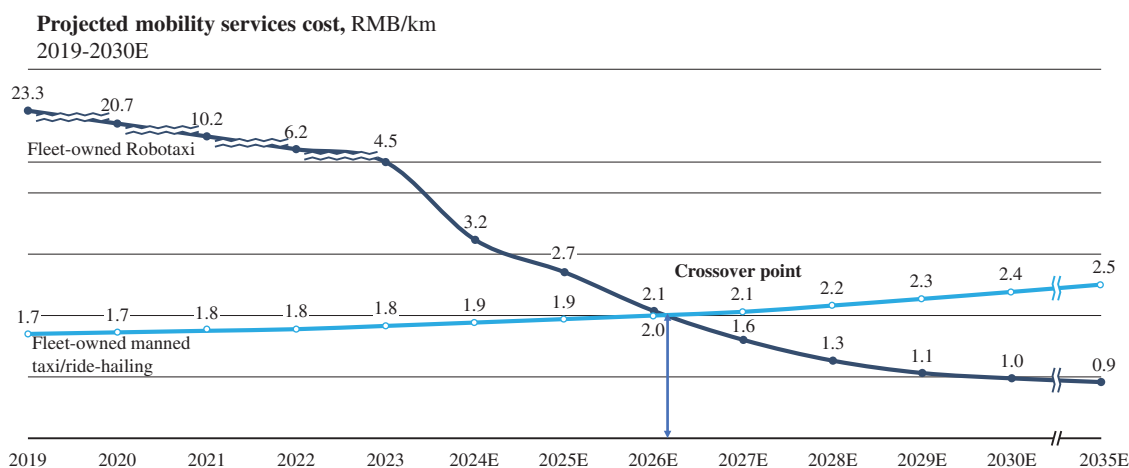
Currently, Robotaxi's operating costs are higher than those of manned smart mobility services like ride-hailing and taxis, mainly due to expensive hardware, software, human safety drivers, and safety redundancies, with LiDAR alone contributing to over 50% of hardware expenses. However, the cost of LiDAR has substantially dropped and is expected to continue declining due to the wider adoption of semi-solid state or solid-state LiDAR technology and economies of scale through mass production. This ongoing cost reduction will make LiDAR more affordable for various applications, including autonomous driving.

The commercialization of Robotaxi is expected to become a reality by 2026, influenced by several key factors. First, a cost per kilometer comparison between Robotaxi and manned ride-hailing services shows that their costs will be similar by 2026, with Robotaxi's cost per kilometer expected to be lower afterwards. This similarity is an important sign of Robotaxi's economic feasibility. Second, continuous advancements in technology, especially in autonomous driving, are set to increase operational efficiency, thus accelerating the commercialization process. Third, significant government support, shown by the introduction of favorable policies and the creation of operational demonstration zones in different regions, provides a strong base for the widespread use of Robotaxi services. These factors create a positive environment for the commercial achievement of Robotaxi from 2026 onwards.

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The cost of a manned taxi increased from RMB1.7/km in 2019 (with fixed overheads, vehicle depreciation and contracting fees, of RMB0.5/km and operating expenses of RMB1.2/km) to RMB1.8/km in 2023 (with fixed overheads of RMB0.4/km and operating expenses of RMB1.4/km). It is projected to reach RMB2.0/km in 2026 (with fixed overheads of RMB0.4/km and operating overheads RMB1.6/km) and RMB2.4/km in 2030 (with fixed overheads of RMB0.6/km and operating overheads RMB1.8/km). In contrast, Robotaxi costs decreased from RMB23.3/km in 2019 (with fixed overheads of RMB12.2/km and operating expenses of RMB11.1/km) to RMB4.5/km in 2023 (with fixed overheads of RMB1.4/km, operating expenses of RMB3.1/km). It is projected to reach RMB2.1/km in 2026 (with fixed overheads of RMB0.5/km and operating overheads RMB1.6/km), and RMB1.0/km by 2030 (with fixed overheads of RMB0.3/km and operating overheads RMB0.7/km).

Manned Taxi/Ride-hailing and Robotaxi cost per km, 2019-2030E

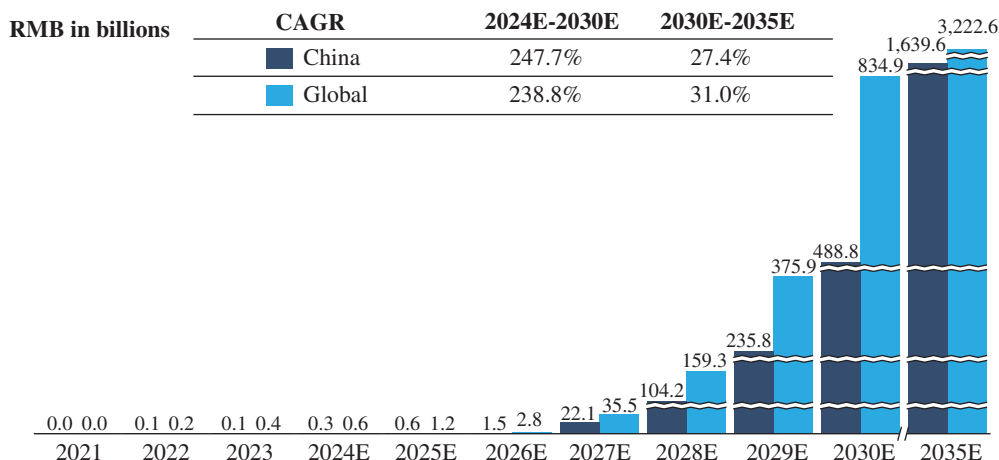


Source: Frost & Sullivan Analysis

With technological advancements, favorable policies and cost reductions, Robotaxi is expected to reach large-scale commercialization around 2026, targeting individuals who currently use private vehicles or public transportation. Initially, Robotaxi is expected to enter the smart mobility market, offering improved safety and competitive pricing. This early success may drive market expansion, and by 2030, it is expected to be widely adopted worldwide. This scale will lower operating costs and improve efficiency, enticing private vehicle users to switch to Robotaxi services. The penetration of Robotaxi in smart mobility in China is expected to reach 31.8% in 2030 and 69.3% in 2035.

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Global Market Size of Robotaxi by GTV, 2021-2030E, 2035E



Notes:

1. The projected size of Robotaxi market is determined by various factors, including advancements in technology, pricing trends, consumer preferences, government regulations, and the business plans of the Robotaxi companies.
2. The market size of Robotaxi is determined by multiplying the total number of Robotaxi by the daily average order per vehicle, average order distances, price per kilometer, and the number of days in a year (365).
3. The calculation methodology considers the rapid expansion of Robotaxi operational areas, facilitated by decreasing per-vehicle costs, technological advancements, and the gradual normalization of policies. Simultaneously, the increasing acceptance among passengers is expected to lead to a significant growth in fleet numbers, daily average orders, and average order distances. Regarding the cost per kilometer, it is anticipated to experience a slight decline due to the scale of fleet development and the reduction in per-vehicle costs. After achieving large-scale commercialization, it is projected to maintain stable fluctuations.

Source: Listed companies' public filings, Expert Interview and Frost & Sullivan Analysis

Market Trends and Growth Opportunities of Robotaxi Market

- **Market Growth and Adoption.** The Robotaxi market is growing fast, thanks to better autonomous driving tech and rising demand for shared mobility. This trend will keep going, creating investment opportunities for market participants to expand their services and meet the growing demand.
- **Integration with Smart Cities.** Robotaxi is set to integrate with smart cities and transportation systems, making urban mobility more efficient and sustainable. This involves connecting with traffic signals, road signs and other urban planning information. Market participants offering such integration can help build the future mobility system and tackle urban traffic congestion.

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- **User Experience and Safety Improvements.** To attract more passengers and build loyalty, Robotaxi providers will keep enhancing user experiences and safety. This means improving ride comfort, vehicle safety, and autonomous driving performance. Innovations and tech investments in these areas can help market participants gain market share and user trust, driving industry growth.

Entry Barriers of Robotaxi Market

- **Technology Expertise.** Robotaxi relies on advanced autonomous driving technology, demanding significant expertise and funding for development and testing. Leading tech companies and automakers have invested heavily, giving them a technological advantage. New entrants must overcome this hurdle to create reliable autonomous systems.
- **Data Accumulation.** Autonomous systems need vast amounts of data for training and testing to improve performance and safety. Market participants with existing autonomous vehicle fleets have gathered valuable data, aiding ongoing system improvement. Newcomers require time and resources to accumulate sufficient data and establish effective data collection and analysis processes.
- **Safety Testing and Certification.** Autonomous driving systems must pass rigorous safety tests and certifications to ensure safe operation in various conditions. This involves complex procedures and compliance requirements, requiring specialized knowledge and substantial resources. New entrants must meet these requirements to obtain crucial safety certifications for entering the Robotaxi market.

Threats and Challenges of Robotaxi Market

- **Safety and Liability.** Safety is paramount in the Robotaxi industry as autonomous vehicles navigate complex traffic and road conditions. Accidents involving them raise intricate legal and ethical liability questions that could hinder industry progress. Ensuring Robotaxi safety is paramount.
- **Regulatory Complexity.** Regulations for autonomous vehicles are evolving, with varying standards across regions and countries. Compliance involves complex approval processes, testing, and certification. These regulatory differences and changes create uncertainties and challenges for market access and deployment.
- **Technical Complexity.** Developing and maintaining autonomous driving systems involves addressing intricate technical challenges. Ensuring their reliable operation in diverse conditions, including weather and traffic scenarios, is an ongoing issue. Continuous research and development efforts are needed to enhance performance and safety.

Growth Drivers of Robotaxi Market

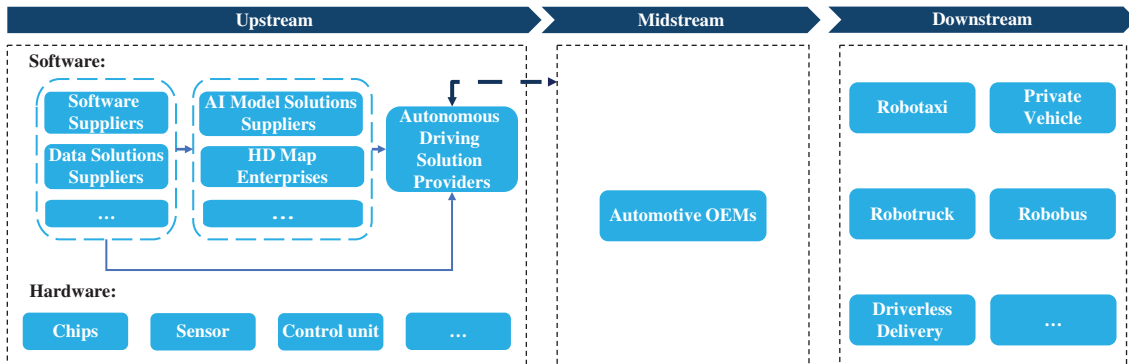
- **Autonomous Driving Technology Advancements.** The continuous progress in autonomous driving technologies serves as a fundamental driver for the Robotaxi industry. Breakthroughs in autonomous driving capabilities, sensor technologies, and real-time data processing enhance the safety, reliability, and efficiency of Robotaxi services. Advancements in machine learning and sensor fusion contribute to creating highly sophisticated and safe autonomous vehicles, fostering the growth of the Robotaxi sector.
- **Cost Reduction through Technological Advancements and Mass Production.** The continuous technological upgrades and the scale of mass production contribute to a substantial decline in the per-vehicle cost of Robotaxi. As advancements in autonomous driving technologies become more widespread and production processes mature, the unit costs associated with manufacturing, technology implementation, and maintenance decrease. This cost reduction not only enhances the economic viability of Robotaxi but also accelerates their commercialization, fostering a more cost-effective and accessible environment for the widespread adoption of Robotaxi services.
- **Urban Mobility Challenges and Traffic Congestion.** Escalating urban mobility challenges and the increasing burden of traffic congestion in cities drive the demand for efficient and convenient transportation solutions like Robotaxi. With populations concentrated in urban areas, there is a growing need for intelligent mobility options that can navigate congested traffic, reduce commuting times, and provide a seamless urban travel experience. Robotaxis, equipped with smart route optimization and real-time traffic analysis, address these challenges.
- **Enhanced Government Regulation and Establishment of Demonstration Zones.** As governments have progressively strengthened regulation of Robotaxi operations and established demonstration zones in several cities across the country (including commercial operations in major cities such as Guangzhou and Beijing), there has been a significant increase in the acceptance of autonomous driving vehicles and their integration into the mainstream transport system. This favourable regulatory environment has facilitated the expansion and commercialisation of Robotaxi services.

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AUTONOMOUS DRIVING TECHNOLOGY SERVICE INDUSTRY IS EXPECTED TO EMBRACE NEW GROWTH OPPORTUNITIES ALONG WITH THE FAST ROLL-OUT OF L2-L3 VEHICLES AND L4-L5 VEHICLES

Autonomous driving technology encompasses environmental perception, behavior decision-making, and control. These areas require expertise in computer science, data analysis, simulation, remote sensing mapping, and more. Safety is paramount in autonomous driving, necessitating extensive real-world data-based training and learning processes. Leveraging autonomous driving technology services is crucial for accelerating and optimizing autonomous driving solutions. Currently, these services fall into four main segments: AI data solutions, AI model solutions, HD maps, and other technology services. In the upstream segment, various suppliers, including software providers, AI data solutions, AI model solutions, HD map companies, and autonomous driving solution providers, collaborate to create foundational products for the industry. In the midstream, automobile OEMs develop their technology services with varying technical capabilities, leading to different product performances in different vehicles. The downstream primarily consists of vehicle users, including individuals and enterprises such as smart mobility service providers.

Value Chain of Autonomous Driving Industry Upstream Midstream Downstream



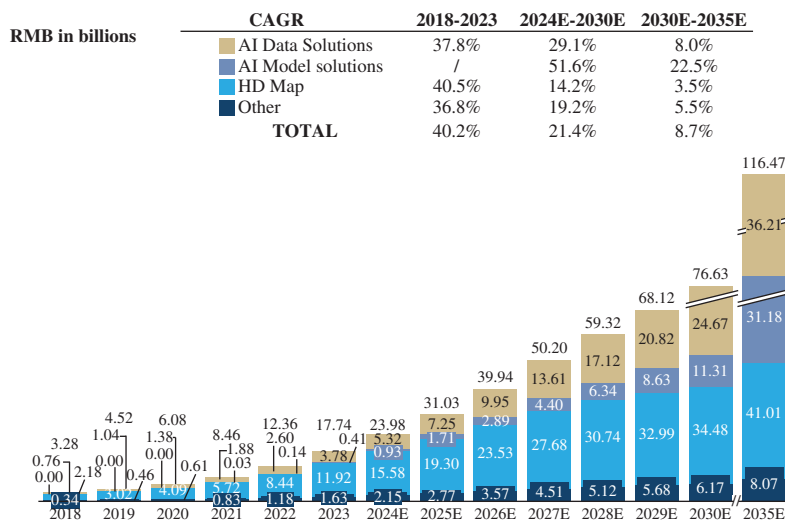
Source: Frost & Sullivan Analysis

China's autonomous driving technology service market has rapidly expanded due to the maturation and commercialization of autonomous tech, with AI data solutions, AI model solutions, and HD maps growing in tandem with increased sales of L2 and above autonomous vehicles. Between 2018 and 2023, the AI data solutions market grew from RMB0.76 billion to RMB3.78 billion (CAGR: 37.8%), while the HD map market grew from RMB2.18 billion to RMB11.92 billion (CAGR: 40.5%). As the global penetration of L2 and above autonomous vehicles continues to rise, so does the market for autonomous driving tech services, which grew from RMB3.28 billion in 2018 to RMB17.74 billion in 2023 (CAGR: 40.2%).

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With the ongoing expansion of autonomous driving technology and the commercialization of higher-level systems, China's autonomous driving tech services market is expected to grow from RMB23.98 billion in 2024 to RMB76.63 billion in 2030 (CAGR: 21.4%). HD maps will dominate this market, while AI model solutions will exhibit the most rapid growth. By 2035, the market size is anticipated to reach RMB116.47 billion. See the chart below for a visual representation of China's autonomous driving technology service market.

China Autonomous Driving Technology Service Market Size, 2018-2030E, 2035E



Notes:

1. The market size comprises solely the software value within automated driving technology services, excluding hardware value.
2. Others mainly include OTA upgrade tools, vehicle fault diagnosis tools, etc.
3. The projected size of China autonomous driving technology service market size are determined by various factors, including the penetration rates of autonomous driving, advancements in technology, pricing trends and the business plans of the OEMs and autonomous driving solution providers.
4. For the AI Data solution service market, it is determined by the total ownership of L2-5 vehicles and the annual expenditure on data processing per vehicle. The AI Model solutions service market size is influenced by the ownership of L2+-5 vehicles and the annual subscription fee for a single vehicle. The HD map service market size calculation involves the ownership of L2-5 vehicles and the annual cost associated with a single vehicle.
5. The calculation methodology considers rapid development of technology and the increasing emphasis on intelligence by original equipment manufacturers (OEMs), which will lead to higher levels of intelligence in new models. At the same time, the penetration of new vehicles with L2 and L2+ or higher configurations is expected to increase rapidly as the cost of intelligence is gradually reduced, leading to overall ownership growth. In terms of unit price, with the development of intelligent technology, it is expected that companies will strengthen their investment in data and models. In terms of unit price for HD maps, it is expected that the commercialisation of HD maps will gradually reduce the unit price.

Source: Expert Interview and Frost & Sullivan Analysis

INDUSTRY OVERVIEW

Market Trends and Growth Opportunities of Autonomous Driving Technology Service Market

- **Continuous Technological Advancements.** The ongoing progress in autonomous driving technology is a key trend in the industry. Emerging technologies such as advanced sensors, machine learning algorithms, and artificial intelligence applications continue to enhance the performance and safety of autonomous driving systems. This presents opportunities for technology service providers to innovate and improve continuously.
- **Data-Driven Business Models.** Data plays a pivotal role in autonomous driving technology services. Data collection, analysis, and utilization are crucial for the development and optimization of autonomous systems. Consequently, data management and analytics services are poised to become growth areas within the industry.
- **Smart Cities and Mobility Services.** Autonomous driving technology not only impacts individual vehicles but also influences urban transportation and mobility services. The rise of autonomous taxis, shared mobility services, and unmanned public transportation presents significant opportunities for technology service providers to meet the demands of urban mobility.

Entry Barriers of Autonomous Driving Technology Service Market

- **Technical Barriers.** Autonomous driving technology is a highly complex and specialized field that requires advanced algorithms, sensors, and hardware components. New entrants need substantial R&D investments and resources to develop reliable autonomous driving technology service solution. The presence of established competitors with technological expertise creates a significant technical barrier.
- **Data Accumulation Barrier.** Autonomous driving technology service rely on large datasets for training and testing to ensure safety and performance. Existing competitors have accumulated extensive datasets, while newcomers need time to gather sufficient data resources. This can limit the competitive strength of new entrants in the market.
- **Capital Requirement Barrier.** The development and deployment of autonomous driving technology service demand substantial capital investments. New entrants must secure adequate funding to support R&D, testing, market promotion, and operations. Capital requirements can pose a significant barrier for startups.

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Threats and Challenges of Autonomous Driving Technology Service Market

- **Technical Instability.** The rapid evolution of autonomous driving technology means that solutions must constantly adapt to new technologies and standards. This can lead to technical instability, requiring continuous updates and improvements to meet new technical requirements.
- **Competition Pressure.** The industry is highly competitive, with many competitors offering similar solutions. This can result in price wars and market share battles, putting pressure on profit margins.
- **Cost Management.** Providing solutions for the development of autonomous driving technology requires significant capital investment. Lowering costs and improving efficiency to ensure profitability is a challenge. Market participants need to continually reduce the costs of their solutions to attract more customers.

Growth Drivers of Autonomous Driving Technology Service Market

- **Growing Demand for Advanced Autonomous Solutions.** The increasing need for sophisticated autonomous driving solutions propels the growth of the Autonomous Driving Technology Service Market. As industries and consumers seek more advanced and reliable autonomous features, service providers experience a surge in demand for cutting-edge technologies that enhance safety, efficiency, and overall driving experience.
- **Integration of Artificial Intelligence and Machine Learning.** The integration of artificial intelligence (AI) and machine learning (ML) technologies plays a pivotal role in driving the autonomous driving market. AI and ML enable vehicles to process vast amounts of data, make real-time decisions, and continually improve their performance. This integration enhances the intelligence and adaptability of autonomous driving systems, fostering a more capable and reliable ecosystem.
- **Collaborations and Partnerships in the Industry.** Collaborations and partnerships within the autonomous driving industry drive innovation and market expansion. As companies join forces to combine expertise, resources, and technologies, the collective effort accelerates the development and deployment of autonomous solutions. Collaborative initiatives foster a synergistic environment that benefits the industry as a whole, driving progress and addressing challenges more effectively.

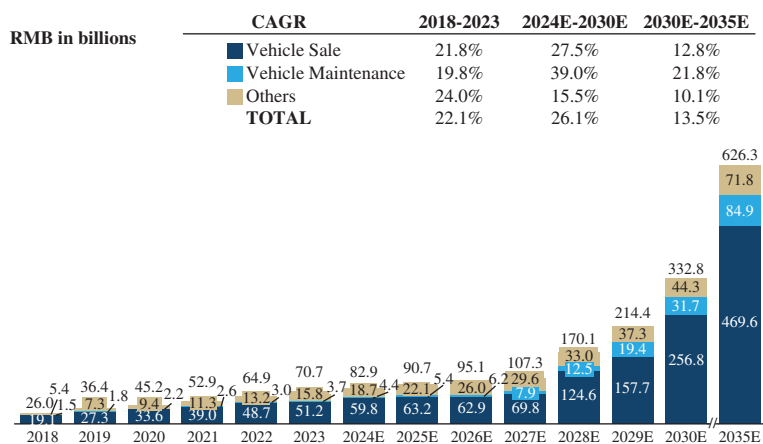
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SMART MOBILITY FLEET SALE AND MAINTENANCE MARKET SEES GREAT POTENTIAL

Smart mobility fleet sale and maintenance refer to a suite of vehicle and driver support solutions, including vehicle purchase and lease assistance, vehicle maintenance, repair and emergency rescue.

Due to the expanding scale of the smart mobility services fleet and the increasing number of mobility services drivers, the market size of the smart mobility fleet sale and maintenance in China reached RMB70.7 billion in 2023, representing a CAGR of 22.1% from 2018, among which vehicle sales and leasing were the major components. Going forward, this market is expected to further grow to RMB332.8 billion in 2030 and RMB626.3 billion in 2035.

China Smart Mobility Fleet Sale and Maintenance Market Size, 2018-2030E, 2035E



Notes:

1. Others mainly include entertainment services, and energy supplement.
2. The projected size of China smart mobility fleet sale and maintenance market size are determined by various factors, including the ownership of ride-hailing vehicles, advancements in technology, pricing trends and the business plans of the ride-hailing service platforms.
3. The market size for vehicle sales services is determined by the sales volume of new smart mobility vehicles multiplied by their average price. Simultaneously, the market size for vehicle maintenance services is calculated based on the number of smart mobility vehicles leased through platforms multiplied by the annual maintenance cost per vehicle.
4. The calculation methodology considers the gradual standardization of regulations and the growing market share of professional passenger cars, which is expected to increase both new sales of smart vehicles and the number of smart vehicles leased through the platform. In terms of pricing, prices are expected to remain stable as conventional vehicles have reached a stage of maturity in terms of pricing.

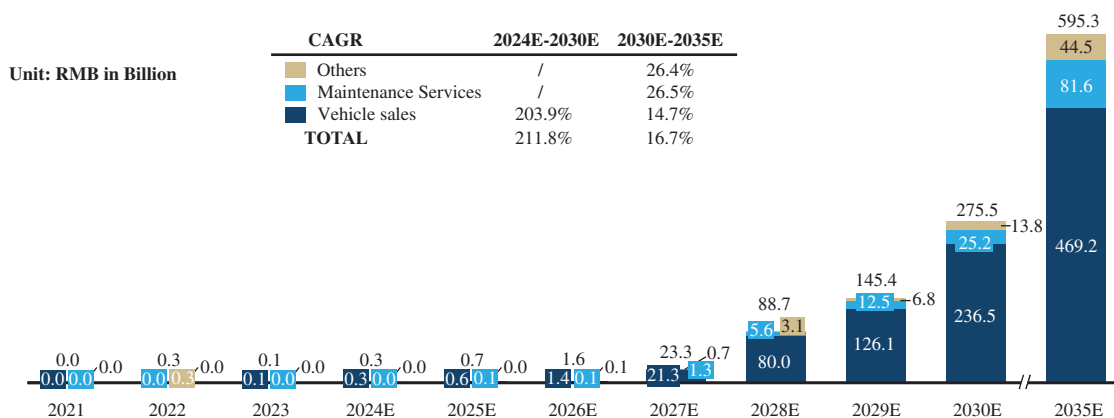
Source: Expert Interview and Frost & Sullivan Analysis

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The Robotaxi fleet sale and maintenance market, including Robotaxi sales, vehicle maintenance and other related services, is an emerging market with promising growth potential in China. The commercialization of Robotaxi is expected to lead to the rapid growth of the Robotaxi fleet sale and maintenance market.

The Robotaxi fleet sale and maintenance market in China is expected to reach RMB275.5 billion by 2030, with vehicle sales reaching RMB236.5 billion and maintenance services reaching RMB25.2 billion. In addition, new Robotaxi fleet sale and maintenance categories are expected to emerge in the market. The future of the Robotaxi fleet sale and maintenance market in China is promising and has tremendous growth potential. In 2035, the Robotaxi fleet sale and maintenance market in China is expected to reach RMB595.3 billion, with vehicle sales reaching RMB469.2 billion and maintenance services reaching RMB81.6 billion.

China Robotaxi Fleet Sale and Maintenance Market Size, 2021-2030E, 2035E



Notes:

- Others mainly include entertainment services, and innovative businesses.
- The projected size of China Robotaxi smart mobility fleet sale and maintenance market size are determined by various factors, including the ownership of Robotaxi, advancements in technology, pricing trends, government regulations and the business plans of the ride-hailing service platforms and Robotaxi fleets.
- The market size for Robotaxi sales services is determined by the sales volume of new Robotaxi units multiplied by their average price. The market size for Robotaxi maintenance services is calculated based on the total ownership of Robotaxi multiplied by the annual maintenance cost per vehicle.
- The calculation methodology considers the expected growth in the scale of the Robotaxi fleet, driven by the gradual improvement of industry laws and regulations and the continuous maturation of technology. Simultaneously, as the industry achieves large-scale deployment, the cost of Robotaxi is anticipated to gradually decline, leading to a decrease in both the selling price and maintenance costs.

Source: Literature Research, Expert Interview and Frost & Sullivan Analysis

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Market Trends and Growth Opportunities of Smart Mobility Fleet Sale and Maintenance Market

- **Growth of Shared Mobility Models.** Smart mobility services like ride-hailing and Robotaxi continue to expand, presenting growth opportunities for vehicle leasing and charging service providers, supporting the proliferation of shared mobility models.
- **Vehicle Maintenance and Servicing.** With the increasing adoption of shared mobility and electric vehicles, there is a rising demand for vehicle maintenance and servicing. Market participants offering efficient maintenance and servicing solutions may have a competitive edge.
- **Data Analysis and Smart Optimization.** Big data analysis and smart algorithms can be employed to optimize vehicle dispatching, route planning, and maintenance schedules. Market participants providing data analysis and smart optimization services are poised to enhance operational efficiency.

Entry Barriers of Smart Mobility Fleet Sale and Maintenance Market

- **Technological Complexity.** Providing smart mobility fleet sale and maintenance requires a high degree of technical sophistication, including remote vehicle control, data analytics, and intelligent route planning. New entrants need to possess these technical capabilities or establish strategic partnerships with technology providers.
- **Capital Requirements.** Establishing and expanding smart mobility fleet sale and maintenance entails significant capital investment, including vehicle procurement, charging infrastructure development, data analytics platforms, and more. Capital requirements can be a hurdle for startups unless they secure substantial investment or financing support.
- **Market Competition.** The presence of large and established competitors, such as well-known ride-sharing platforms and automotive manufacturers, means that new entrants must face intense market competition. To succeed, they need to offer differentiated services or technologies to attract customers.
- **Brand Building.** Establishing a strong brand and reputation in the smart mobility market requires time and resources. New entrants may need to invest significant efforts in building trust and recognition.

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Threats and Challenges of Smart Mobility Fleet Sale and Maintenance Market

- **Difficulty in Resource Integration.** Smart mobility fleet sale and maintenance involve various segments of the industry chain, including vehicle procurement, maintenance, and charging infrastructure. Integrating these resources and segments poses a significant challenge to businesses, requiring a high degree of coordination and management.
- **Technology and Innovation.** The industry is continually evolving with new technologies and trends. Staying at the forefront of technology and innovation to meet changing market demands is a significant challenge. Market participants must invest in research and development and adapt swiftly to technological advancements.

Growth Drivers of Smart Mobility Fleet Sale and Maintenance Market

- **The Increase in Vehicle and Driver Demands.** With the rising demand for mobility, the market for fleet sale and maintenance has witnessed rapid growth. The increasing need for services related to vehicle purchase, leasing, maintenance, and emergency assistance has been a driving force behind the development in this field.
- **Enhanced Service Experience.** As users demand an elevated experience in their travel services, fleet sale and maintenance are required to offer more comprehensive and user-centric solutions. From vehicle acquisition to maintenance and emergency rescue, providing a high-quality service experience serves as a driving factor for market growth.

KEY SUCCESS FACTORS

The key success factors of a smart mobility service platform include:

- **Industry integration.** Industry integration can reduce the cost of utilizing a vehicle per km, through the integration of the resources of various industry participants, including vehicle OEMs, autonomous driving solution providers, fleet sale and maintenance providers and user entrances across the value chain. By integrating industry participants, an industry integrator can also provide users with a higher quality and more diversified service. For example, launching customized vehicles for ride-hailing services through cooperating with vehicle OEMs is expected to help improve a mobility service platform's service quality and profitability by reducing vehicle acquisition costs and lowering operating costs, while improving driving and ride comfort and operational compliance.

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- *Openness of platform and its compatibility.* Whether operating manned ride-hailing or progressively commercializing Robotaxis, smart mobility platforms need to actively collaborate with transportation partners, leveraging and integrating the strengths of existing allies to achieve rapid market expansion. Amid varying autonomous driving policies and technological progress across regions, a robust and open smart mobility service platform can cater to diverse needs, cooperate various autonomous driving solution providers, and seamlessly connect Robotaxis from different solution providers.
- *Brand recognition and customer mindshare.* By offering high-quality services to platform users and addressing their pain points, a platform can enhance its brand recognition and customer mindshare. The brand recognition and customer mindshare translate into increased wallet share from existing customers and word-of-mouth referrals for acquiring new customers with lower sales and marketing spending.
- *Operational know-how.* Operational know-how is important for identifying diversified customer needs and increasing service quality. It is also critical for platforms to adopt customized and innovative user acquisition and pricing strategies across different geographic regions and service segments. Also, better operational know-how can help improve operational efficiency and optimize supply-demand relationships.
- *Technology and data capabilities.* Cutting-edge technologies such as autonomous driving and big data analytics can help platforms enhance their operational abilities. The rapid development of AI has changed the technological landscape of the industry, enabling platforms to better meet the diverse needs of users.

COMPETITIVE LANDSCAPE

In terms of GTV in 2023, the GBA represented 15.2% of the total market share in China's mobility service market, which includes ride-hailing, hitch, taxi online hailing and Robotaxis services. In line with the overall competitive landscape of China's mobility service market, the leader in the GBA has a significant market leadership. GBA's mobility service market is highly concentrated, with the top five players accounting for a market share of 74.0%. In terms of GTV in 2023, Company A ranked first in GBA's mobility service market with a market share of 56.5%, significantly ahead of our 5.6% market share. This dominance is primarily attributed to its early market entry, expansive coverage, significant user base, and evident first-mover advantage. We are equipped with all the aforementioned key success factors and rank second in the GBA in terms of our market share. In 2023, our mobility service GTV was RMB2,741.0 million, and our market share was 5.6% in the GBA, placing us ahead of our most of competitors in this region. The table below sets forth the ranking of smart mobility service platforms in the GBA.

INDUSTRY OVERVIEW

Ranking	Company	Listing Status	Description	GTV (RMB in billions)	Market Share (%)
1	Company A	NO	Founded in 2012, headquartered in Beijing and previously listed in the U.S. Company A is a mobility service platform primarily offering ride-hailing and other types of mobility services.	27.5	56.5%
2	The Company		Founded in 2019 and headquartered in Guangzhou, the Company is a mobility service company in China. Its business segments include smart mobility services primarily focusing on ride-hailing and Robotaxi.	2.74	5.6%
3	Company B	NO	Founded in 2015 and headquartered in Suzhou, Company B primarily offers ride-hailing services in China.	2.5	5.1%
4	Company C	NO	Founded in 2019 and headquartered in Nanjing, Company C primarily offers ride-hailing services and other types of mobility services in China.	2.2	4.5%
5	Company D	NO	Founded in 2014 and headquartered in Beijing, Company D primarily offers Hitch service.	1.5	3.1%
	Others	-	-	12.26	26.0%
	Total	-	-	48.7	100.0%

Note:

- (1) Include over 100 smart mobility service platform companies licensed in at least one GBA city.

Source: Expert Interview and Frost & Sullivan Analysis

The Company mainly offers ride-hailing services in the smart mobility market with ride-hailing accounting for 99.0% of its total smart mobility services. Ride-hailing is the dominant segment, comprising 80.9% of the GBA market. As of 2023, the Company holds a 6.9% market share in the GBA's ride-hailing sector, ranking second.

The GBA market constitutes a pivotal element within the realm of intelligent transportation in China, accounting for approximately 15.5% of the entire market. In 2023, the Company holds a 1.1% market share in the China ride-hailing market, securing the eighth position nationwide. The table below sets forth the GTV rankings for Chinese ride-hailing service platforms in 2023.

Ranking	Company	Listing Status	Description	GTV (RMB in billions)	Market Share (%)
1	Company A	NO	Founded in 2012, headquartered in Beijing and previously listed in the U.S. Company A is a mobility service platform primarily offering ride-hailing and other types of mobility services.	192.4	75.5%
2	Company C	NO	Founded in 2019 and headquartered in Nanjing, Company C primarily offers ride-hailing services and other types of mobility services in China.	15.8	6.2%
3	Company B	NO	Founded in 2015 and headquartered in Suzhou, Company B primarily offers ride-hailing services in China.	12.2	4.8%
4	Company F	NO	Founded in 2017 and headquartered in Shanghai, Company F primarily offers ride-hailing services in China. Company F is a subsidiary of a company listed in Hong Kong.	5.5	2.2%
5	Company E	NO	Founded in 2018 and headquartered in Shanghai, Company E primarily offers transportation services.	5.2	2.0%
6	Company G	NO	Founded in 2015 and headquartered in Beijing, Company G is a travel company primarily offering ride-hailing services.	3.2	1.3%
7	Company H	NO	Founded in 2016 and headquartered in Shenzhen, Company H specializes in new transportation, ride-hailing, sales channels, and integrated vehicle networking applications in China.	2.8	1.1%
8	The Company		Founded in 2019 and headquartered in Guangzhou, the Company is a mobility service company in China. Its business segments include smart mobility services primarily focusing on ride-hailing and Robotaxi.	2.71	1.1%
9	Company I	NO	Founded in 2015 and headquartered in Beijing, Company I primarily offers ride-hailing services.	1.6	0.6%
10	Company J	NO	Founded in 2015 and headquartered in Beijing, Company J primarily offers ride-hailing, car rental, and corporate fleet services in China.	1.1	0.4%
	Others	-	-	12.49	4.9%
	Total	-	-	255.0	100.0%

Source: Expert Interview and Frost & Sullivan Analysis

INDUSTRY OVERVIEW

In terms of ride hailing service compliance, the Company stands as an industry leader. Since December 2020, when the Company was first included in the MOT Order Compliance Rate ranking, and as of December 31, 2023, its MOT Order Compliance Rate ranked first 17 times, ranking second in the total number of times it secured the industry's first position. Currently, the Company is the world's first mobility platform to launch a commercialized hybrid operation of manned ride-hailing and Robotaxi, and is also the first domestic mobility service platform with a proprietary Robotaxi fleet for commercialization.

As Robotaxi industry is currently in an early stage of development, there are only three ride-hailing platforms independently operating Robotaxi services, namely the Company, Company A (including its autonomous driving subsidiary) and Company F. The ride-hailing platform companies understand the needs of riders better, and the hybrid operation mode of manned ride-hailing and Robotaxi can better optimize the pain points in the usage scenarios and effectively improve riders' experience. As of December 31, 2023, the Company ranked first with 281 vehicles among the ride-hailing platforms in terms of the number of the platform connected Robotaxi vehicles.

The Company has significant competitive advantages in two key areas:

- ***Higher-than-industry-average compliance rate.*** Currently, the Company is an industry leader in order compliance. With the increase in the order compliance rate required by regional policies in the ride-hailing market, the advantage of higher-than-industry-average compliance rate will facilitate the Company's ability to obtain local ride-hailing platform licences in more geographical markets.
- ***Rich service matrix.*** The Company's service matrix includes mobility services, technology services, and fleet sale and maintenance, providing users with comprehensive services. This can effectively attracts new users and enhances the Company's existing operational capabilities.

The following table sets forth a comparative analysis of the Company's key operating data of its ride-hailing services and the industry level for the period indicated:

	Year ended December 31, 2023	
	the Company	Industry Level
GTV (RMB in millions)	2,714.0	N/A ⁽²⁾
Order volume (millions)	97.3	N/A ⁽²⁾
Daily order volume (thousands)	266.7	N/A ⁽²⁾
Average monthly active riders (thousands)	996.9	N/A ⁽²⁾
Average monthly active drivers (thousands)	36.8	N/A ⁽²⁾
Response rate	88.9%	85%
Average ride frequency (orders per rider)	9.0	7.2
Annual rider retention rate	27.8%	23.0%

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	Year ended December 31, 2023	
	the Company	Industry Level
Average GTV per order (RMB)	27.9	25.0
Average take rate	66.8%	N/A ⁽³⁾
Average net take rate	(4.3)%	N/A ⁽³⁾
Incentives to rider per order⁽¹⁾ (RMB)	5.28	3.3
Incentives to driver per order (RMB)	1.46	1.55

Notes:

- (1) In 2023, the Company's incentives to rider per order were higher than the industry level, primarily because (i) the Company was continuously adopting its geographical expansion strategy to penetrate into new cities, resulting in a higher investment in incentives within such regions; and (ii) the Company's average GTV per order was slightly higher than industry level, because it primarily conducted its ride-hailing services in the GBA, one of the most developed regions in China.
- (2) GTV, order volume, daily orders, average monthly active drivers and average monthly active riders are closely tied to a platform's operational coverage area and scale. The ride-hailing industry comprises numerous companies, each covering a different number and variety of cities and service types, leading to significant variations in these metrics. Therefore, the statistic is not available and the comparison is not meaningful.
- (3) The statistics of industry level of average take rate and net take rate represents the collective take rates and net take rates from a broad spectrum of mobility service platforms within the industry. Due to the varied revenue recognition methods employed by different platforms (whether on a net or gross basis), these statistics may not provide an accurate representation of the industry level. Therefore, the comparison is not meaningful.

Source of Industry Level: Expert Interview and Frost & Sullivan Analysis

REPORT COMMISSIONED BY FROST & SULLIVAN

In connection with the Global Offering, we have engaged Frost & Sullivan to conduct a detailed analysis and to prepare an industry report on the markets that we operate in. Frost & Sullivan is an independent global market research and consulting company founded in 1961 and is based in the United States. Services provided by Frost & Sullivan include market assessments, competitive benchmarking and strategic and market planning for a variety of industries.

We have included certain information from the Frost & Sullivan Report in this Prospectus because we believe such information facilitates an understanding of the market that we operate in for potential investors. Frost & Sullivan prepared its report based on its in-house database, independent third-party reports and publicly available data from reputable industry organizations. Where necessary, Frost & Sullivan contacts companies operating in the industry to gather and synthesize information in relation to the market, prices and other relevant information. Frost & Sullivan believes that the basic assumptions used in preparing the Frost & Sullivan Report, including those used to make future projections, are factual, correct and not misleading. Frost & Sullivan has independently analyzed the information, but the accuracy of

INDUSTRY OVERVIEW

the conclusions of its review largely relies on the accuracy of the information collected. Frost & Sullivan research may be affected by the accuracy of these assumptions and the choice of these primary and secondary sources.

We have agreed to pay Frost & Sullivan a fee of RMB740,000 for the preparation of the Frost & Sullivan Report. The payment of such amount was not contingent upon our successful listing or on the content of the Frost & Sullivan Report. Except for the Frost & Sullivan Report, we did not commission any other industry report in connection with the Global Offering. We confirm that after taking reasonable care, there has been no adverse change in the market information since the date of the report prepared by Frost & Sullivan which may qualify, contradict or have an impact on the information set forth in this section in any material respect.

HISTORY, REORGANIZATION AND CORPORATE STRUCTURE

OVERVIEW

We are a mobility service company in China primarily offering ride-hailing services. In 2021, 2022 and 2023, our revenue from ride-hailing services accounted for 99.2%, 91.0% and 83.9% of our total revenue, respectively. According to Frost & Sullivan, our mobility services ranked second in the Greater Bay Area with a market share of 5.6% in terms of GTV in 2023. We serve and connect various participants of the mobility industry including the riders, drivers, automobile OEMs, vehicle service providers and autonomous driving solution providers. We offer (i) mobility services; (ii) technology services, primarily AI data and model solutions, and high-definition (HD) maps; and (iii) fleet sale and maintenance where we offer a full suite of support for drivers and car partners. As of December 31, 2023, our user penetration rate in the Greater Bay Area exceeded 45%, ranking second in the Greater Bay Area, according to Frost & Sullivan. In addition, according to the published information by the MOT, as of December 31, 2023, our MOT Order Compliance Rate ranked first 17 times.

Our history can be traced back to early 2019 when GAC and Tencent Mobility intended to establish a mobility services business by establishing a new company. GAC is principally engaged in the research and development, manufacturing and sales of vehicles (including motorcycles) and their parts and components, and provision of commercial services, financial services and mobility transportation. Tencent Mobility is a wholly-owned subsidiary of Tencent. Leveraging GAC's experience in the automobile industry and Tencent's expertise in internet services, they decided to explore the area of industrial internet services and create a mobility services group. To raise the initial funds to establish our Group, GAC and Tencent Mobility led our founding round of financing with other investors in the cooperation framework agreement on March 14, 2019 (the "**Cooperation Framework Agreement**"), pursuant to which the parties thereto agreed to establish our Company. On April 30, 2019, our Company was incorporated in the Cayman Islands with the funds and resources provided under the Cooperation Framework Agreement.

Upon completion of the founding round of financing pursuant to the Cooperation Framework Agreement, we launched our brand OnTime, or Ruqi (如祺 in Chinese), and gradually launched our operations in (i) mobility services; (ii) technology services, primarily AI data and model solutions, and high-definition (HD) maps; and (iii) fleet sale and maintenance where we offer a full suite of support for drivers and car partners. Our Company has undergone a series of corporate development, including entering into the Contractual Arrangements, our series A and series B Pre-IPO Investments, and the Reorganization, and became the holding company of our Group, and operates our Group's businesses through our subsidiaries and Consolidated Affiliated Entities in China. For details of the Contractual Arrangements, see the section headed "Contractual Arrangements" in this Prospectus.

HISTORY, REORGANIZATION AND CORPORATE STRUCTURE

OUR KEY MILESTONES

The following is a summary of our Group’s key business development milestones:

Year	Milestone
2019	<p>Our Company was incorporated upon the founding round of financing led by GAC and Tencent Mobility with the participation of other investors.</p> <p>We launched our brand OnTime, or Ruqi (如祺), and officially launched our mobile apps, including, on the riders’ end, <i>OnTime Mobility</i> for all services and <i>OnTime Enterprise</i> for enterprise solutions, and on the drivers’ end, <i>OnTime Driver</i>, and started their operations in Guangzhou.</p>
2020	<p>We announced a new brand initiative of “Born to Know More” (天生更懂) which is committed to providing mobility services that better understand mobility services, the Greater Bay Area market, and the needs of our users.</p> <p>We started our collaboration with QCraft, an autonomous driving solution provider, to empower each other’s growth, development of breakthrough autonomous driving technologies and promote the commercialization of Robotaxi.</p> <p>We established the <i>OnTime</i> Experience Center (如祺體驗中心), setting mobility services standards and creating an industry benchmark for mobility services.</p> <p>Our hitch services and product line were officially launched.</p>
2021	<p>The cumulative number of registered riders on our platform exceeded 10 million, and the cumulative order volume of our mobility services exceeded 65 million.</p> <p>We announced the “Dual-Axis Strategy” (雙軸戰略) for our development. Under this strategy, we expanded our operations to encompass not only mobility services, but also the “Technology Axis” focusing on autonomous driving related technologies and the “Ecological Axis” where we build a standardized automobile service platform to serve various industry partners.</p>

HISTORY, REORGANIZATION AND CORPORATE STRUCTURE

Year	Milestone
2022	<p>We launched our brand slogan “Future is RIDE now” (乘現未來), which represents our endeavor to build an open Robotaxi operation technology platform that is compatible with different types of autonomous driving technologies and Robotaxi vehicle models, thereby promoting the commercialization of autonomous driving technologies.</p> <p>We entered into a strategic cooperation with Pony.ai and WeRide to explore the commercial operation of Robotaxi. We connected with Pony.ai and GAC Research Institute to provide a complete Robotaxi commercialization operation solution and Robotaxi vehicle operation infrastructure. Our Robotaxi built-in cooperation with Pony.ai was selected as the second batch of vehicles for entry into the catalog of intelligent connected vehicles in Guangzhou.</p> <p>We publicly demonstrated the first open Robotaxi operation technology platform globally, according to Frost & Sullivan, and officially released the self-developed Robotaxi operation supervision platform. We became the first mobility platform in the world to launch a commercialized hybrid operation of manned ride-hailing and Robotaxi services, according to Frost & Sullivan.</p> <p>We entered into a strategic cooperation with NavInfo Co., Ltd. (四維圖新) to build a strategic partnership in three major areas, namely HD map, autonomous driving and smart traffic.</p> <p>Our first Ontime auto service center was officially opened in Guangzhou. We also officially launched OnTime Lite.</p> <p>The cumulative number of registered riders on our platform exceeded 18 million, and the cumulative order volume of our mobility services exceeded 100 million.</p> <p>We completed the series A financing led by GAIG and participated in by Pony AI, SMBC, DMR, Guangzhou Industry Investment Group and other institutional investors.</p>
2023	<p>We became the vice president of the professional committee for the demonstration and operation of autonomous driving applications in Guangzhou, leading and participating in the formulation of relevant policies and industry standards.</p>

HISTORY, REORGANIZATION AND CORPORATE STRUCTURE

Year	Milestone
	<p>We entered into cooperation with Pony.ai and Shenzhen Qianhai Shenzhen-Hong Kong Modern Service Industry Cooperation Zone Administration to conduct pilot commercial operation of autonomous driving in Qianhai Cooperation Zone, Shenzhen.</p>
	<p>Our Company completed our series B financing led by GAIG and participated in by Hefei Gotion and other institutional investors.</p>
	<p>We obtained the Intelligent Connected Vehicle Demonstrative Operation Qualification in Nansha District, Guangzhou, and were therefore the first mobility service platform to conduct demonstrative operation with a proprietary Robotaxi fleet in China. This qualification allows us to start demonstrative operation with our own Robotaxis.</p>
	<p>The cumulative number of registered riders on our mobility service platform exceeded 23 million, and the cumulative order volume of our mobility services exceeded 220 million.</p>
	<p>Our Self-Declaration for Safety of the Intelligent Connected Vehicle Demonstrative Employment has been certified by the Joint Working Group of Shenzhen Municipality for Road Testing and Demonstrative Employment of Intelligent Connected Vehicles, which permits us to conduct rider-carrying Robotaxi demonstrative employment activities in Shenzhen (within Qianhai Area, Nanshan Yuehai Area, Bao'an Airport Area, Shenzhen Bay and Shenzhen Bay Port). We also obtained the Intelligent Connected Vehicle Commercialized Pilot Operation License in Bao'an District, Shenzhen, which allows us to offer commercialized Robotaxi services within this district.</p>

HISTORY, REORGANIZATION AND CORPORATE STRUCTURE

OUR MAJOR SUBSIDIARIES AND CONSOLIDATED AFFILIATED ENTITIES

The following subsidiaries and Consolidated Affiliated Entities made a material contribution to our results of operations during the Track Record Period:

Name of subsidiary or Consolidated Affiliated Entity	Place of incorporation	Date of incorporation	Shareholding/ Voting rights held by our Company	Principal business activities
Chenqi Mobility	PRC	June 18, 2019	100%	Sale and maintenance of automobiles and provision of technology services ⁽¹⁾
Qichen Technology	PRC	March 29, 2018	100% ⁽²⁾	Provision of mobility services, including ride-hailing services, hitch services, Robotaxi services, the technology service and, other services provided on our platform

Notes:

- (1) The technology services provided by Chenqi Mobility primarily include information technology services, i.e. research and development of information systems.
- (2) Qichen Technology is one of our Consolidated Affiliated Entities. See the section headed “Contractual Arrangements” in this Prospectus for details.

Chenqi Mobility

Chenqi Mobility is principally engaged in the sale and maintenance of automobiles and was established by Chenqi Hong Kong under the laws of the PRC on June 18, 2019. Chenqi Mobility, a wholly foreign-owned enterprise, was established to exercise control over Qichen Technology under the Contractual Arrangements. Chenqi Mobility began its automobile repair and maintenance business in January 2022, and its automobile sales business in April 2022. For details of the major shareholding change in Chenqi Mobility, please see “— Corporate Development of our Group” and “— Reorganization” in this section.

HISTORY, REORGANIZATION AND CORPORATE STRUCTURE

Qichen Technology

Qichen Technology is principally engaged in the provision of mobility services, including ride-hailing and other services provided on our platform, and technology services, through itself and its subsidiaries. Qichen Technology had not commenced any business until it had obtained the qualification for ride-hailing services in June 2019. Qichen Technology was acquired by the Registered Shareholders and has become a Consolidated Affiliated Entity of our Group under the Contractual Arrangements.

Qichen Technology, formerly known as Guangzhou Chechipin Information Technology Co., Ltd. (廣州車馳品信息科技有限公司), was established by Mr. WENG Zhiwen (翁智文), Mr. ZHAI Hui (翟輝) and Mr. YANG Xingdong (楊醒東) under the laws of the PRC on March 29, 2018. To the best knowledge of our Directors after due inquiry, each of Mr. Weng Zhiwen, Mr. Zhai Hui and Mr. Yang Xingdong is an Independent Third Party.

In order to apply for the qualification for ride-hailing services, the relevant authority requires the applicant company to have been incorporated for a period of time and will not accept applications from a newly incorporated company. Therefore, two of the Registered Shareholders acquired the entire shares of Qichen Technology from its then shareholders.

On November 22, 2018, Mr. Weng Zhiwen transferred 25% of the shares in Qichen Technology, amounting to RMB125,000 of the registered capital of Qichen Technology, to Mr. Zhai Hui at nil consideration. On January 25, 2019, Mr. Yang Xingdong transferred 50% of the shares in Qichen Technology, amounting to RMB250,000 of the registered capital of Qichen Technology, to Ms. Sun Yanhong at a consideration of RMB12,500. The consideration was determined based on negotiation with reference to the market price. On the same date, Mr. Zhai Hui transferred 43% of the shares in Qichen Technology, amounting to RMB215,000 of the registered capital of Qichen Technology, to Zhujiang Investment at a consideration of RMB10,750, and 7% of the shares in Qichen Technology, amounting to RMB35,000 of the registered capital of Qichen Technology, to Ms. Sun Yanhong at a consideration of RMB1,750. The consideration was determined based on negotiation with reference to the market price. On April 11, 2019, Qichen Technology increased its registered capital from RMB7,000,000 to RMB10,000,000. The increased registered capital of RMB3,000,000 was subscribed by Nanjing Wangdian.

Upon completion of series of share transfer and issuance and on April 11, 2019, Qichen Technology was held by Ms. Sun Yanhong, Zhujiang Investment and Nanjing Wangdian, being our Registered Shareholders, as to 40%, 30% and 30%, respectively. For details of the background of the Registered Shareholders, see the section headed “Contractual Arrangements – The Contractual Arrangements – Contractual Arrangements” in this Prospectus. On July 10, 2019, Qichen Technology became our Consolidated Affiliated Entity through the Contractual Arrangement. See “Contractual Arrangements” in this Prospectus for details.

HISTORY, REORGANIZATION AND CORPORATE STRUCTURE

For details of the shareholding changes in our major subsidiaries and Consolidated Affiliated Entities, see the section headed “Statutory and General Information – A. Further Information about our Group – 3. Changes in the Share Capital of our Subsidiaries and Consolidated Affiliated Entities” in Appendix IV to this Prospectus.

CORPORATE DEVELOPMENT OF OUR GROUP

The following sets forth the major corporate history and shareholding changes of our Group.

1. Founding Round of Financing

On March 14, 2019, GAC, Tencent Mobility, Guangzhou Public Transport Group Co., Ltd. (廣州市公共交通集團有限公司) (“**Guangzhou Public Transport**”), Redmount Investments Limited (“**Redmount Investments**”), Da Yi Investment Co., Limited (“**Da Yi Investment**”), Higher Capital Fund L.P. (“**Higher Capital**”) and Jovial Lane Limited (“**Jovial Lane**”) (an indirect wholly-owned subsidiary of DiDi Global Inc.) entered into the Cooperation Framework Agreement, pursuant to which the parties agreed to, among other things, establish a company, by themselves or through their affiliates, to operate online-hailing taxi services in China. The shareholding of our Company after investment as provided in the Cooperation Framework Agreement is as follows:

Parties	Investment amount (RMB)	Shareholding after investment (%)
GAC	350,000,000	35%
Tencent Mobility	250,000,000	25%
Guangzhou Public Transport	100,000,000	10%
Redmount Investments	50,000,000	5%
Da Yi Investment	50,000,000	5%
Higher Capital	50,000,000	5%
Jovial Lane	50,000,000	5%
Shares reserved for equity incentive plan	N/A	10%

The investment amount of each party to the Cooperation Framework Agreement was determined based on arm’s-length negotiations with reference to the prevailing market price. The investment amounts have been fully settled by the parties to the Cooperation Framework Agreement. In addition, the parties to the Cooperation Framework Agreement also agreed to reserve 10% of the total shares of our Company (on a fully diluted basis) for equity incentive plan.

HISTORY, REORGANIZATION AND CORPORATE STRUCTURE

2. Incorporation of our Company and establishment of holding structure

On April 30, 2019, our Company was incorporated as an exempted company with limited liability in the Cayman Islands, with an authorized share capital of US\$50,000 divided into 100,000,000 Ordinary Shares with a par value of US\$0.0005 each, pursuant to the Cooperation Framework Agreement. Upon incorporation, one Ordinary Share was allotted and issued at a par value of US\$0.0005 to our initial subscriber, China Lounge, a subsidiary of GAC.

On the same date, our Company issued an aggregate of 89,999,999 Ordinary Shares to China Lounge, Tencent Mobility, Coinland Limited (“**Coinland**”, elected by Guangzhou Public Transport), Redmount Investments, Da Yi Investment, China Drive Investment Limited (“**China Drive**”, elected by Higher Capital), and Jovial Lane at a par value of US\$0.0005 each.

Pursuant to the Cooperation Framework Agreement, Guangzhou Public Transport elected Coinland as its affiliated entity to hold interests in our Company on its behalf. On June 20, 2023, Coinland transferred all the Shares it held to Guangzhou Public Transport and ceased to be a Shareholder of our Company. Upon completion of the transfer, Guangzhou Public Transport held 10,000,000 Shares in our Company.

On May 31, 2019, our Company, as the sole shareholder, established Chenqi BVI in the BVI. On June 11, 2019, Chenqi BVI, as the sole shareholder, established Chenqi Hong Kong in Hong Kong. Chenqi Hong Kong, as the sole shareholder, established Chenqi Mobility and Chenqi Automobile in the PRC on June 18 and June 19, 2019, respectively.

3. Entering into the Contractual Arrangements

Chenqi Mobility, Qichen Technology and the Registered Shareholders entered into a series of contractual arrangements on July 10, 2019, and supplemental agreements thereto on August 11, 2023, which allow our Company to exercise control over the business operation of Qichen Technology and its subsidiaries and enjoy all the economic interests derived therefrom. See “Contractual Arrangements” in this Prospectus for details.

4. Adoption of the Pre-IPO Equity Incentive Plan and Chenqi Mobility’s employee share ownership plan

On February 9, 2021, Zhixing BVI, an employee share incentive shareholding platform held by Mr. Han Feng on behalf of the grantees of the Pre-IPO Equity Incentive Plan, was incorporated under the laws of the BVI with limited liability.

On July 14, 2021, we have adopted the Pre-IPO Equity Incentive Plan. On the same date, our Company allotted and issued 10,000,000 Ordinary Shares, which has been reserved as incentive shares for the Pre-IPO Equity Incentive Plan, to Zhixing BVI, at nil consideration.

HISTORY, REORGANIZATION AND CORPORATE STRUCTURE

On July 14, 2021, Chenqi Mobility adopted an employee share ownership plan (the “**Onshore ESOP**”), pursuant to which certain senior management of Chenqi Mobility and its subsidiaries shall establish a limited partnership as an employee share incentive shareholding platform of Chenqi Mobility and subscribe for certain interests in the shareholding platform.

On July 14, 2021, Chenqi Hong Kong, Chenqi Mobility, Zhixing Technology and such senior management (the “**Onshore ESOP Holders**”), entered into a series of contractual arrangements (the “**Zhixing Technology Control Arrangements**”), which allow Chenqi Hong Kong to exercise control over Zhixing Technology and receive substantially all the economic interests derived therefrom.

5. Series A Financing

On January 21, 2022, our Company, GAIG, Tencent Mobility, SMBC Trust Bank Ltd., acting as the trustee of Mirai Creation Fund II (“**SMBC**”), DMR VENTURE FUND, a sub fund of InvesPedia VCC (“**DMR**”) (together, the “**Series A-1 Investors**”), among others, entered into a share subscription agreement (“**Series A-1 Share Subscription Agreement**”), pursuant to which the Series A-1 Investors agreed to make an investment with an aggregate amount of US\$108,082,586.53 in our Company to subscribe for an aggregate of 33,839,257.00 Series A Preferred Shares. An aggregate of 4,487,323 Series A Preferred Shares have been allotted and issued to SMBC and DMR on March 18, 2022. An aggregate of 24,655,628 warrants in respect of the same number of Series A Preferred Shares were issued to GAIG and Tencent Mobility in order to enable them to subscribe for the Series A Preferred Shares. GAIG and Tencent Mobility have exercised the warrants and an aggregate of 24,655,628 Series A Preferred Shares were allotted and issued to GAIG and Tencent Mobility on March 6, 2023 and May 9, 2023, respectively.

On April 25, 2022, Hongkong Pony AI Limited (“**Pony AI**”) entered into two share subscription agreements for our series A financing, pursuant to which Pony AI agreed to subscribe for an aggregate of 4,696,306 Series A Preferred Shares with an aggregate amount of US\$15,000,000. An aggregate of 4,696,306 Series A Preferred Shares were allotted and issued to Pony AI on July 1, 2022 and September 30, 2022, respectively.

On April 29, 2022, DMR entered into a share subscription agreement for our series A financing, pursuant to which DMR agreed to make an investment in an amount of US\$4,725,002.46 to our Company to subscribe for 1,479,337 Series A Preferred Shares. An aggregate of 1,479,337 Series A Preferred Shares were allotted and issued to DMR on June 30, 2022.

On April 29, 2022, our Company, Guangzhou Kechuang Hexing Equity Investment Partnership (Limited Partnership) (廣州科創合行股權投資合夥企業(有限合夥)) (“**Guangzhou Kechuang Hexing**”), Guangzhou Kechuang Industrial Investment Fund Partnership (Limited Partnership) (廣州科創產業投資基金合夥企業(有限合夥)) (“**Guangzhou Kechuang Industrial**”), Guangzhou Guangshang Xinfu Industrial Investment Fund Partnership (Limited Partnership) (廣州廣商鑫富產業投資基金合夥企業(有限合夥)) (“**Guangzhou Guangshang**”)

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Xinfu) and Guangzhou Industrial Control Mixed Reform Equity Investment Fund Partnership (Limited Partnership) (廣州工控混改股權投資基金合夥企業(有限合夥)) (“**Guangzhou Industrial Control**”) (together, the “**Series A-2 Investors**”), among others, entered into a share subscription agreement, pursuant to which the Series A-2 Investors agreed to make an investment in our Company for an aggregate of 8,259,635 Series A Preferred Shares to be issued by our Company at the aggregate exercise price of US\$26,381,272.53. An aggregate of 8,259,635 warrants in respect of the same number of Series A Preferred Shares was issued by our Company to Series A-2 Investors in order to enable them to subscribe for Series A Preferred Shares. The Series A-2 Investors exercised their warrants and an aggregate of 8,259,635 Series A Preferred Shares were allotted and issued to the Series A-2 Investors on May 9, 2023.

On April 23, 2023, Pony AI entered into a further share subscription agreement for our series A financing, pursuant to which Pony AI agreed to subscribe for 4,696,306 Series A Preferred Shares for an amount of US\$15,000,000. An additional 4,696,306 Series A Preferred Shares were allotted and issued to Pony AI on June 20, 2023.

The consideration for subscription by Series A-1 Investors, Pony AI, DMR and Series A-2 Investors was determined based on arm’s-length negotiations between our Company and investors after taking into consideration the then valuation of our Company prepared by a valuer which is an Independent Third Party, the timing of the investments, and the operating results and prospects of our business and operating entities.

For further details of the Series A financing, see the paragraph “— Pre-IPO Investments” below.

6. Series B Financing

On September 30, 2022, our Company, Guangzhou Huiyin New Energy Equity Investment Partnership (Limited Partnership) (廣州匯垠新能源股權投資合夥企業(有限合夥)) (“**Guangzhou Huiyin New Energy**”), Guangzhou Development Zone Hydrogen City Growth Industry Investment Fund Partnership (Limited Partnership) (廣州開發區氫城成長產業投資基金合夥企業(有限合夥)) (“**Guangzhou Development Zone Hydrogen City**”), Guangzhou Chentu Huajie Venture Capital Fund Partnership (Limited Partnership) (廣州辰途華傑創業投資基金合夥企業(有限合夥)) (“**Guangzhou Chentu Huajie**”), Guangzhou Hose Factory Co., Ltd. (廣州膠管廠有限公司) (“**Guangzhou Hose Factory**”), Guangzhou Jinglong Venture Capital Partnership (Limited Partnership) (廣州璟瓏創業投資合夥企業(有限合夥)) (“**Guangzhou Jinglong**”), Gongqingcheng Xinyi Ruian Investment Partnership (Limited Partnership) (共青城新意睿安投資合夥企業(有限合夥)) (“**Gongqingcheng Xinyi Ruian**”), Chengdu Chiding Venture Capital Management Co., Ltd. (成都赤鼎創業投資管理有限公司) (“**Chengdu Chiding**”), Shaoguan Rongyu Enterprise Management Co., Ltd. (韶關市融譽企業管理有限公司) (“**Shaoguan Rongyu**”) and Foshan Kaisheng No. 1 Equity Investment Partnership (Limited Partnership) (佛山凱盛壹號股權投資合夥企業(有限合夥)) (“**Foshan Kaisheng No. 1**”), among others, entered into a share subscription agreement, pursuant to which Guangzhou Huiyin New Energy, Guangzhou Development Zone Hydrogen City, Guangzhou Chentu Huajie, Guangzhou Hose Factory, Guangzhou Jinglong, Gongqingcheng

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Xinyi Ruian, Chengdu Chiding, Shaoguan Rongyu and Foshan Kaisheng No. 1 agreed to make an investment in our Company and subscribe for warrants to purchase certain Series B Preferred Shares to be issued by our Company at the aggregate maximum consideration of RMB313,674,000. Guangzhou Hose Factory subsequently elected Shenzhen Xinrui Fengsheng Management Consulting Partnership (Limited Partnership) (深圳市鑫睿豐盛管理諮詢合夥企業(有限合夥)) (“**Shenzhen Xinrui Fengsheng**”), an affiliate of Guangzhou Hose Factory, to subscribe for warrants to purchase the relevant Series B Preferred Shares to be issued by our Company. Subsequently, Shenzhen Xinrui Fengsheng assigned and transferred its rights and obligations under the warrants to its wholly-owned subsidiary, Shengrich Group Ltd (“**Shengrich**”).

On February 2, 2023, our Company, Guangdong Ruihao No. 1 New Energy Equity Investment Partnership (Limited Partnership) (廣東瑞浩一號新能源股權投資合夥企業(有限合夥)) (“**Guangdong Ruihao No. 1**”), Guangdong Ruihao No. 2 New Energy Equity Investment Partnership (Limited Partnership) (廣東瑞浩二號新能源股權投資合夥企業(有限合夥)) (“**Guangdong Ruihao No. 2**”) and Guangmintou New Energy Equity Investment (Foshan) Partnership (Limited Partnership) (廣民投新能源股權投資(佛山)合夥企業(有限合夥)) (“**Guangmintou New Energy**”) entered into a share subscription agreement pursuant to which Guangdong Ruihao No. 1, Guangdong Ruihao No. 2 and Guangmintou New Energy agreed to make an investment in our Company and subscribe for certain Series B Preferred Shares to be issued by our Company at the aggregate price of RMB125,500,000.

On April 28, 2023, our Company, Guangdong Hengxin Zhixing Equity Investment Partnership (Limited Partnership) (廣東恒新智行股權投資合夥企業(有限合夥)) (“**Guangdong Hengxin Zhixing**”), among others, entered into a share subscription agreement pursuant to which Guangdong Hengxin Zhixing agreed to make an investment in our Company and subscribe for warrants to purchase certain Series B Preferred Shares to be issued by our Company at the price of RMB15,800,000.

On July 30, 2023, our Company and GAIG, among others, entered into a share subscription agreement, pursuant to which GAIG agreed to make a further investment in our Company and subscribe for warrants to purchase certain Series B Preferred Shares to be issued by our Company at the price of RMB294,800,000.

On August 8, 2023, our Company and Hefei Gotion (together with GAIG, Guangzhou Huiyin New Energy, Guangzhou Development Zone Hydrogen City, Guangzhou Chentu Huajie, Shengrich, Guangzhou Jinglong, Gongqingcheng Xinyi Ruian, Chengdu Chiding, Shaoguan Rongyu, Foshan Kaisheng No. 1, Guangdong Ruihao No. 1, Guangdong Ruihao No. 2, Guangmintou New Energy and Guangdong Hengxin Zhixing, the “**Series B Investors**”), among others, entered into a share subscription agreement, pursuant to which Hefei Gotion agreed to make an investment in our Company and subscribe for warrants to purchase certain Series B Preferred Shares to be issued by our Company at the price of RMB158,000,000.

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The consideration for subscription by the Series B Investors was determined based on arm's-length negotiations between our Company and investors after taking into consideration the then valuation of our Company prepared by a valuer which is an Independent Third Party, the timing of the investments, the operating results and prospects of our business and operating entities, and the development of the mobility industry. Warrants in respect of the same number of Series B Preferred Shares were issued by our Company to the Series B Investors in order to enable them to subscribe for the Series B Preferred Shares upon completion of ODI registration. The Series B Investors have fully exercised the warrants and an aggregate of 27,669,969 Series B Preferred Shares were allotted and issued to the Series B Investors in January, February and March 2024, respectively.

For further details of the Series B financing, see the paragraph “— Pre-IPO Investments” below.

PRE-IPO EQUITY INCENTIVE PLAN

On July 14, 2021, we adopted the Pre-IPO Equity Incentive Plan. The total number of Shares reserved for the Pre-IPO Equity Incentive Plan is 10,000,000 Ordinary Shares, representing 4.90% of our enlarged share capital immediately upon completion of the Global Offering.

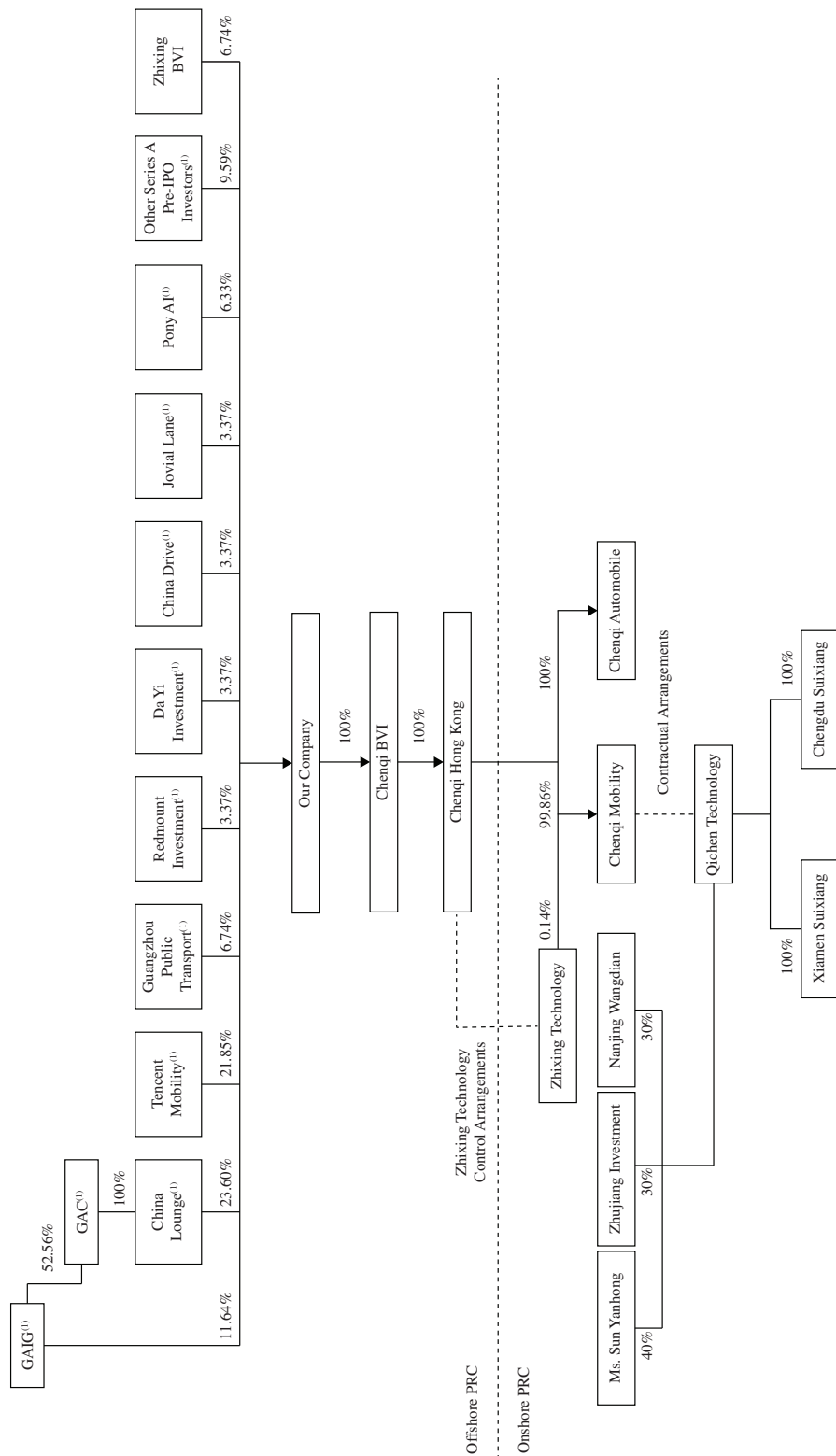
As of the Latest Practicable Date, 203 Grantees and awardees have been granted options and restricted stock awards under the Pre-IPO Equity Incentive Plan in respect of an aggregate of 8,164,548 Shares. See “Appendix IV – Statutory and General information – D. Share Incentive Scheme” in this Prospectus for details.

REORGANIZATION

On July 14, 2021, we adopted the Pre-IPO Equity Incentive Plan, pursuant to which, among others, (i) Chenqi Mobility adopted the Onshore ESOP which allowed Onshore ESOP Holders to hold shares of Chenqi Mobility through Zhixing Technology; and (ii) our Shares were issued to Zhixing BVI which was held by Mr. Han Feng for the purpose of the Pre-IPO Equity Incentive Plan. Through the Reorganization, (i) the interest held by the Onshore ESOP Holders in Chenqi Mobility will be reflected to our Company level, and (ii) the Shares indirectly held by Mr. Han Feng will be transferred to a professional trustee engaged by us for the better management of the Pre-IPO Equity Incentive Plan.

Among the Controlling Shareholders, China Lounge transferred 8,797,226 Ordinary Shares to GAIG on April 1, 2024. Upon completion of the share transfer, GAIG and China Lounge directly held approximately 20.31% and 14.89% equity interests in our Company, respectively, whilst the Controlling Shareholders' total equity interests in our Company remained unchanged.

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



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Establishment of trusts

On July 13, 2023, Zhixing Jovial I Limited (“**Zhixing I Trust**”) was established to hold all unvested Ordinary Shares indirectly held by certain Onshore ESOP Holders and Zhixing Jovial II Limited (“**Zhixing II Trust**”) was established to hold all vested and unvested Ordinary Shares indirectly held by Mr. Han Feng, one of the Onshore ESOP Holders. The trust arrangements with respect to Zhixing I Trust and Zhixing II Trust were established on August 15, 2023.

On August 15, 2023, the Company entered into a trust arrangement (“**Zhixing Trust**”) to manage the options granted to certain employees of our Company pursuant to the Pre-IPO Equity Incentive Plan.

Issuance of Ordinary Shares to offshore holding companies and trusts

On September 26, 2023, our Company canceled the vested and unvested Ordinary Shares held by the Onshore ESOP Holders through Zhixing BVI under the Pre-IPO Equity Incentive Plan, being 848,760 Ordinary Shares in total, which was subject to completion of the capital reduction of the corresponding interest in Chenqi Mobility.

On August 16, 2023, Mr. Han Feng, the sole shareholder of Zhixing BVI as trustee for the purposes of the Pre-IPO Equity Incentive Plan, transferred the entire equity interest in Zhixing BVI at nil consideration to Zhixing Trust. Upon completion of the cancelation of 848,760 Ordinary Shares held by Zhixing BVI described above and the share transfer, Zhixing Trust indirectly holds a total of 9,151,240 Shares for the purposes of the Pre-IPO Equity Incentive Plan.

On September 26, 2023, our Company allotted and issued an aggregate of 703,760 Ordinary Shares, being the number of Ordinary Shares canceled by our Company corresponding to the shareholding interest in which the Onshore ESOP Holders were interested pursuant to the unvested shares under the Onshore ESOP, to Zhixing I Trust and Zhixing II Trust, in accordance with the restricted shares award agreements entered into by our Company and each of the Onshore ESOP Holders on July 6, 2023 (the “**Restricted Shares Award Agreements**”).

On October 18, 2023, our Company allotted and issued an aggregate of 145,000 Ordinary Shares, being the number of Ordinary Shares canceled by our Company corresponding to the shareholding interest which the Onshore ESOP Holders were interested in pursuant to the vested shares under the Onshore ESOP, to Ruqi Mobility(a) Limited, Ruqi Mobility(c) Limited, Ruqi Mobility(d) Limited and Ruqi Mobility(e) Limited (together with Ruqi Mobility(b) Limited, the “**Senior Management Holding Companies**”), being holding companies indirectly wholly-owned by each of the Onshore ESOP Holders except for Han Feng (Senior Management Holding Companies together with Mr. Han Feng, the “**Senior Management Shareholders**”), in accordance with the Restricted Shares Award Agreements.

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Upon completion of the series of cancelations and issuances of Shares above, and the completion of the Capital Reduction as described below, the shareholding structure of the Senior Management Shareholders reflected the interests of Chenqi Mobility previously vested in and held by Onshore ESOP Holders.

Capital reduction of Chenqi Mobility and termination of the Onshore ESOP and the Zhixing Technology Control Arrangements

Pursuant to the written resolutions of the shareholders and board of directors of Chenqi Mobility on July 6, 2023 and the capital reduction agreement entered into by Chenqi Hong Kong, Chenqi Mobility and Zhixing Technology, Chenqi Mobility reduced its registered share capital of US\$364,000 and paid-up capital contribution of US\$280,981.96 and Zhixing Technology withdrew its capital contribution of US\$280,981.96 (the “**Capital Reduction**”). On September 26, 2023, the Capital Reduction was completed. Zhixing Technology ceased to be a shareholder of Chenqi Mobility, and Chenqi Mobility became a wholly-owned subsidiary of Chenqi Hong Kong.

On July 6, 2023, a termination agreement was entered into among Chenqi Hong Kong, Chenqi Mobility, Zhixing Technology and the Onshore ESOP Holders, pursuant to which the parties agreed to unconditionally and irrevocably terminate the Zhixing Technology Control Arrangements and that all rights and obligations of the parties under the Zhixing Technology Control Agreement would be released and discharged. On July 6, 2023, the Onshore ESOP and the Zhixing Technology Control Arrangements were terminated.

As advised by our PRC Legal Advisor, our Group has obtained the requisite government approvals as of the Latest Practicable Date in respect of the Reorganization and the Reorganization complies with the relevant PRC laws and regulations in all material respects.

Share Cancellation

As there would be no further grant of the Shares as awards under the Pre-IPO Equity Incentive Plan prior to the Listing, our Company has received written notices from Zhixing BVI and Zhixing I Trust relating to the surrender by Zhixing BVI and Zhixing I Trust (as the case may be), for no consideration, of the total number of 1,835,452 Shares (the “**Surrendered Shares**”) from the issued share capital of our Company. The Surrendered Shares shall be cancelled immediately prior to the Listing. Upon completion of the Share Cancellation, all Shares under the Pre-IPO Equity Incentive Plan would have been granted to participants thereunder.

RE-CLASSIFICATION AND RE-DESIGNATION

On June 26, 2024, our Shareholders resolved, among other things, that subject to the Global Offering becoming unconditional, all the Preferred Shares be re-classified and re-designated as Ordinary Shares of a par value of US\$0.0005 per share each on a one-to-one basis.

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MAJOR ACQUISITIONS, DISPOSALS AND MERGERS

We have not conducted any acquisitions, disposals or mergers since our inception that we consider to be material to us.

PRE-IPO INVESTMENTS

1. Overview

Our Group has received several rounds of Pre-IPO Investments since our establishment. The following table summarizes the key terms of the Pre-IPO investments to our Company made by the Pre-IPO Investors:

Pre-IPO Investments	Founding round	Series A	Series B
Date of the subscription agreement(s)	March 14, 2019	January 21, 2022, April 25, 2022, April 29, 2022 and April 23, 2023	September 30, 2022, February 2, 2023, April 28, 2023, July 30, 2023, August 8, 2023 and August 11, 2023
Date of last payment of consideration	July 9, 2019	June 21, 2023	August 17, 2023
Total number of shares subscribed	90,000,000	48,274,535	27,669,969
Cost per share paid to the Company	RMB10	RMB20.2793	RMB30.4400
Discount to the Offer Price ⁽¹⁾	72.35%	43.93%	15.83%
Post-money valuation of our Company	RMB1.00 billion	RMB3.01 billion	RMB5.36 billion
Use of proceeds from the Pre-IPO Investments	As of the Latest Practicable Date, the funds raised from the founding round and series A Pre-IPO Investments had been fully utilized, and approximately RMB504 million of the proceeds from the series B Pre-IPO Investment had not been utilized. Our proceeds from the Pre-IPO Investments have been used to support our businesses, including payment of costs and expenses relating to mobility services and fleet sale and maintenance, and the acquisition of assets relating to our Robotaxi business under our mobility services and other assets, i.e. autonomous driving vehicles and hardware. The remaining proceeds will be used to support our business operation and development, in accordance with the business plan or budget as approved by the Board.		

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Pre-IPO Investments	Founding round	Series A	Series B
Strategic benefits brought to our Company by the Pre-IPO Investors	With the founding round of financing, our Company obtained the initial funding to establish our corporate structure and commence our business.		
		At the time of the series A and series B Pre-IPO Investments, we were of the view that our Company would benefit from the additional capital provided by the investments in our Company and the knowledge and experience of these Pre-IPO Investors. Series A and series B Pre-IPO Investors are institutional investors and professional strategic investors in the relevant industries and thus can provide us with their knowledge and experience which we believe would be helpful to our Group's future development. The investments from the series A and series B Pre-IPO Investors demonstrate their commitment and confidence in the business performance and operations, strengths and long-term prospects of our Group.	
Basis of determining the consideration paid	In respect of the founding round of financing, the consideration was determined based on arm's-length negotiations taking into consideration the early stage of investment.		
		The consideration for the series A and series B Pre-IPO Investments was determined based on arm's-length negotiations between our Company and investors after taking into consideration the then valuation of our Company prepared by a valuer which is an Independent Third Party, the timing of the investments and the operating results and prospects of our business and operating entities. In particular, since the series A Pre-IPO Investment, we have made significant progress in our business development. In 2022, we cooperated with several industry partners to explore the commercialization of Robotaxi, and publicly demonstrated the first open Robotaxi operation technology platform globally, according to Frost & Sullivan. We also officially released the self-developed Robotaxi operation supervision platform, and became the first mobility platform in the world to launch a commercialized hybrid operation of manned ride-hailing and Robotaxi services, according to Frost & Sullivan. Our first OnTime auto service center was officially opened in Guangzhou. In making their investment decisions, the series B Pre-IPO Investors had taken into account the progress made and the development of mobility industry since the series A Pre-IPO Investment.	
Lock-up period	The Shares held by the Pre-IPO Investors will be subject to lock-up arrangements ending on the date which is not less than 180 days following the Listing Date.		

Notes:

- (1) The discount to the Offer Price is calculated based on the assumption that (i) the Offer Price is HK\$39.70 per Offer Share, being the mid-point of the indicative Offer Price range of HK\$34.00 and HK\$45.40; and (ii) all Preferred Shares have been converted into the Shares on a one-to-one basis.

2. Special rights of the Pre-IPO Investors

All of our Pre-IPO Investors were bound by the terms of our previously effective articles of association (the “**Preceding Articles**”), which will be replaced by our Articles of Association effective upon completion of the Global Offering. Pursuant to the shareholders’ agreement entered into by and among our Company and the Pre-IPO Investors (the “**Shareholders’ Agreement**”) and our Preceding Articles, the Pre-IPO Investors were granted certain special rights in relation to our Company.

All special rights under the Pre-IPO Investments that shall cease to be effective and be discontinued in accordance with the guidance set out in Chapter 4.2 of the Guide for New Listing Applicants issued by the Stock Exchange, include, among others, redemption right, pre-emptive right, rights of first refusal, tag-along right, right of information, liquidation right, and director appointment right, etc. Pursuant to the Shareholders’ Agreement, the redemption right shall cease to be exercisable immediately before our Company files its listing application, while all other special rights shall be terminated prior to or immediately before the Listing Date. All the Pre-IPO Investors (or their respective designated affiliates) shall have an anti-dilution right to subscribe, at the Offer Price pursuant to the Global Offering, for such number of Shares to be issued by our Company as part of the Global Offering so as to maintain their respective percentages of shareholding interest in our Company (on a fully diluted and as-converted basis) immediately before the Global Offering.

All of the Preferred Shares will be converted into the Shares on a one-to-one basis prior to completion of the Global Offering, at which time our share capital will comprise one class of Shares, namely the Ordinary Shares. For further information on the rights attached to the Shares, see “Share Capital”.

3. Joint Sponsors’ Confirmation

On the basis that (i) the considerations for the Pre-IPO Investments are irrevocably settled more than 120 clear days before Listing; and (ii) the termination or cessation of special rights granted to the Pre-IPO Investors as disclosed in “Special Rights of the Pre-IPO Investors” above, the Joint Sponsors confirm that the Pre-IPO Investments are in compliance with the guidance set out in Chapter 4.2 of the Guide for New Listing Applicants issued by the Stock Exchange.

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4. Information relating to the Pre-IPO Investors

Set out below is a description of our Pre-IPO Investors. To the best knowledge of our Directors, save as disclosed in this Prospectus, each of the Pre-IPO Investors does not have any past or present relationships with our Company and its connected persons.

- (a) **GAIG** is a Chinese state-owned joint stock holding company ultimately controlled by the State-Owned Assets Administration Bureau of Guangzhou Municipal People's Government and Guangdong Provincial Finance Department (廣東省財政廳) as to 90% and 10%, respectively. GAIG is principally engaged in the design and manufacture of automotive vehicles and components for domestic and international markets, automotive sales and logistics, automotive finance, insurance and related services;
- (b) **GAC** is a joint stock company established under the laws of the PRC and listed on the Stock Exchange (stock code: 02238) and Shanghai Stock Exchange (stock code: 601238). GAC is principally engaged in the research and development and the manufacturing of vehicles and motorcycles, automobile parts and components, commercial services, financial services, and mobile transportation services, which form a complete closed-loop automobile industry chain;
- (c) **China Lounge** is a private company limited by shares incorporated in Hong Kong, which is a wholly-owned subsidiary of GAC. China Lounge is principally engaged in equity investment;
- (d) **Tencent Mobility** is a company incorporated under the laws of Hong Kong with limited liability, and is a wholly-owned subsidiary of Tencent, a company listed on the Stock Exchange (stock code: 00700). Tencent Mobility is principally engaged in investment holding activities;
- (e) **Guangzhou Public Transport** is a company established under the laws of the PRC and is wholly owned by State-Owned Assets Administration Bureau of Guangzhou Municipal People's Government. Guangzhou Public Transport is principally engaged in various business operations in relation to road transportation, such as ground bus, ferry passenger transport, taxi passenger transport, road passenger transport, road cargo transport, storage and cold chain logistics services, intelligent transportation construction, station construction and management, City Union, subsidiary resources development and operation, etc. Guangzhou Public Transport is the largest public transport and road transport enterprise in South China;
- (f) **Redmount Investments** is a company incorporated under the laws of the BVI and is wholly owned by Mr. Zhu Weihang. Mr. Zhu Weihang is a shareholder of Zhujiang Investment, which is one of the Registered Shareholders of Qichen Technology. Redmount Investments is principally engaged in equity investment;

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- (g) **Da Yi Investment** is a company incorporated under the laws of Hong Kong and is wholly owned by Mr. Shi Haotian. Da Yi Investment is principally engaged in equity investment. To the best knowledge of our Directors after due inquiry, Mr. Shi Haotian is an Independent Third Party;
- (h) **China Drive** is a company incorporated under the laws of the BVI and is owned by Advance Access Group Limited and Ms. Sun Yanhong, the two largest shareholders of China Drive, as to approximately 26.7% and 20%, respectively. Ms. Sun Yanhong is one of our Registered Shareholders. Advance Access Group Limited is wholly owned by Mr. Feng Jun. China Drive is principally engaged in equity investment. To the best knowledge of our Directors after due inquiry, Mr. Feng Jun is an Independent Third Party;
- (i) **Jovial Lane** is a company incorporated under the laws of the BVI and is wholly owned by Cheering Venture Global Limited, which is, in turn, wholly owned by DiDi Global Inc. Jovial Lane is principally engaged in equity investment;
- (j) **Pony AI** is a company incorporated under the laws of Hong Kong, which is wholly owned by Pony AI Inc., a company incorporated in the Cayman Islands. Pony AI Inc. is, in turn, controlled by Mr. Peng Jun, who holds more than 50% of the voting rights of Pony AI Inc. IWAY LLC, which is wholly-owned by Mr. Lou Tiancheng, holds approximately 20% of the voting rights of Pony AI Inc. Pony AI is principally engaged in developing autonomous driving technology. To the best knowledge of our Directors after due inquiry, each of Mr. Peng Jun and Mr. Lou Tiancheng is an Independent Third Party;
- (k) **SMBC** is the entrusted bank which holds certain shares in our Company for and on behalf of Mirai Creation Fund II. SMBC Trust Bank Ltd is wholly owned by Sumitomo Mitsui Banking Corporation, which is wholly owned by Sumitomo Mitsui Financial Group, Inc., a company listed on the Tokyo Stock Exchange (stock code: 8316) and the New York Stock Exchange (stock code: SMFG). SMBC Trust Bank Ltd. is principally engaged in banking and trust business. The general partner of Mirai Creation Fund II is SPARX Group Co., Ltd., which is, in turn, owned as to 53.5% by Mr. Shuhei Abe. The limited partners of Mirai Creation Fund II are Toyota Motor Corporation, a company listed on the Tokyo Stock Exchange (stock code: 7203), and Sumitomo Mitsui Banking Corporation, holding 13.8% and 13.8% of the partnership interests in Mirai Creation Fund II, respectively. Mirai Creation Fund II is principally engaged in investment in the transportation, software, non-financial services, mobile, industrial, software-as-a-service and the technology, media, and telecom sectors. Mirai Creation Fund II invested in our Company after meeting with our management and conducting its own independent due diligence. To the best knowledge of our Directors after due inquiry, each of Toyota Motor Corporation and Sumitomo Mitsui Financial Group is an Independent Third Party;

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- (l) **DMR** is a sub-fund of InvesPedia VCC, which is incorporated under the laws of Singapore and is principally engaged in investment management and asset management. InvesPedia VCC is managed by Pilgrim Partners Asia (Pte.) Ltd., which is owned as to 77% by Mr. Albert Ee Oon Sun. DMR invested in our Company after meeting with our management and conducting its own independent due diligence. To the best knowledge of our Directors after due inquiry, Mr. Albert Ee Oon Sun is an Independent Third Party;
- (m) **Guangzhou Guangshang Xinfu** is a limited partnership established under the laws of the PRC and is principally engaged in equity investment. Its general partner is Guangzhou Trade Industry Investment Fund Management Company (廣州商貿產業投資基金管理有限公司), which is ultimately controlled by the State-Owned Assets Administration Bureau of Guangzhou Municipal People's Government. The largest limited partners of Guangzhou Guangshang Xinfu are Guangzhou Trade Industry Investment Fund Partnership (Limited Partnership) (廣州商貿產業投資基金合夥企業(有限合夥)) (“**Guangzhou Trade Industry Investment Fund**”) and Guangzhou State Enterprise Innovation Fund Co., Ltd. (廣州國企創新基金有限公司), holding 75% and 20% of the partnership interests in Guangzhou Guangshang Xinfu, respectively. Guangzhou Trade Industry Investment Fund is ultimately controlled by the State-Owned Assets Administration Bureau of Guangzhou Municipal People's Government. Guangshang Xinfu invested in our Company after meeting with our management and conducting its own independent due diligence;
- (n) **Guangzhou Industrial Control** is a limited partnership established under the laws of the PRC and is principally engaged in equity investment. Its general partner is Guangzhou Industrial Control Venture Capital Fund Management Co., Ltd. (廣州工控創業投資基金管理有限公司), which is ultimately controlled by the State-Owned Assets Administration Bureau of Guangzhou Municipal People's Government. The largest limited partners of Guangzhou Industrial Control are Guangzhou Wanbao Changrui Investment Co., Ltd. (廣州萬寶長睿投資有限公司) (“**Guangzhou Wanbao**”) and Guangzhou Industrial Control Capital Management Co., Ltd. (廣州工控資本管理有限公司) (“**Guangzhou Industrial Control Capital Management**”), holding approximately 50% and 50% of the partnership interests in Guangzhou Industrial Control, respectively. Both Guangzhou Wanbao and Guangzhou Industrial Control Capital Management are ultimately controlled by the State-Owned Assets Administration Bureau of Guangzhou Municipal People's Government. Guangzhou Industrial Control invested in our Company after meeting with our management and conducting its own independent due diligence;
- (o) **Guangzhou Kechuang Hexing** is a limited partnership established under the laws of the PRC and is principally engaged in equity investment. Its general partner is Guangzhou Industrial Investment Private Equity Fund Management Co., Ltd. (廣州產投私募基金管理有限公司) (“**Guangzhou Industrial Investment Private Equity**”), which is owned as to 91% and 9% by Guangzhou Industrial Investment Capital Management Co., Ltd. (廣州產業投資資本管理有限公司) (“**Guangzhou**

Industrial Investment Capital Management”), and Guangzhou Science and Technology Finance Comprehensive Service Center Co., Ltd. (廣州市科技金融綜合服務中心有限責任公司) (“**Guangzhou Science and Technology**”), respectively. Guangzhou Industrial Investment Capital Management and Guangzhou Science and Technology are ultimately controlled by the State-Owned Assets Administration Bureau of Guangzhou Municipal People’s Government. The partners of Guangzhou Kechuang Hexing are Guangzhou State-owned Mixed Capital Phase I Equity Investment Fund Partnership (Limited Partnership) (廣州國資混改一期股權投資基金合夥企業(有限合夥)) (“**Guangzhou State-owned Mixed Capital**”), Guangzhou Kunpeng Taihong Investment Advisory Partnership (Limited Partnership) (廣州鯤鵬泰鴻投資諮詢合夥企業(有限合夥)) and Guangzhou Industrial Investment Private Equity, holding approximately 74.98%, 24.99% and 0.03% of the partnership interests in Guangzhou Kechuang Hexing, respectively. The general partner of Guangzhou State-owned Mixed Capital is Guangzhou Industrial Investment Private Equity. Guangzhou Kechuang Hexing invested in our Company after meeting with our management and conducting its own independent due diligence;

- (p) **Guangzhou Kechuang Industrial** is a limited partnership established under the laws of the PRC and is principally engaged in equity investment. Its general partner is Guangzhou Industrial Investment Private Equity Fund, which is ultimately controlled by the State-Owned Assets Administration Bureau of Guangzhou Municipal People’s Government. The largest limited partner of Guangzhou Kechuang Industrial is Guangzhou Industrial Investment Capital Management, holding 99.99% of the partnership interests in Guangzhou Kechuang Industrial. Guangzhou Industrial Investment Capital Management is wholly-owned by Guangzhou Industrial Investment Holding Group Co., Ltd. (廣州產業投資控股集團有限公司), which is ultimately controlled by the State-Owned Assets Administration Bureau of Guangzhou Municipal People’s Government. Guangzhou Kechuang Industrial invested in our Company after meeting with our management and conducting its own independent due diligence;
- (q) **Hefei Gotion** is a company established in the PRC with limited liability and is principally engaged in the research, development, production and operation of new lithium-ion power batteries. It is wholly-owned by Gotion High-tech Co., Ltd. (國軒高科股份有限公司), a company listed on the Shenzhen Stock Exchange (stock code: 002074). Hefei Gotion invested in our Company after meeting with our management and conducting its own independent due diligence;
- (r) **Guangzhou Huiyin New Energy** is a limited partnership established under the laws of the PRC and is principally engaged in equity investment. Guangzhou Huiyin Tianyue Equity Investment Fund Management Co., Ltd. (廣州匯垠天粵股權投資基金管理有限公司) (“**Guangzhou Huiyin Tianyue**”) is the general partner and the largest partner of Guangzhou Huiyin New Energy, holding approximately 58.25% of the partnership interests in Guangzhou Huiyin New Energy. Guangzhou Huiyin Tianyue is ultimately controlled by the State-Owned Assets Administration Bureau

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of Guangzhou Municipal People's Government. Guangzhou Huiyin New Energy invested in our Company after meeting with our management and conducting its own independent due diligence;

- (s) **Guangzhou Development Zone Hydrogen City** is a limited partnership established under the laws of the PRC and is principally engaged in equity investment. Its general partner is Guangzhou Development District Urban Development Fund Management Co., Ltd. (廣州開發區城市發展基金管理有限公司), which is ultimately controlled by Guangzhou Municipal Development and Reform Commission. Guangzhou Development District Baytop New Dynamic Industry Investment Fund Partnership (Limited Partnership) (廣州開發區灣頂新動能產業投資基金合夥企業(有限合夥)) ("**Guangzhou Development District Baytop**") is the largest limited partner of Guangzhou Development Zone Hydrogen City, holding 99.67% of its partnership interests. The two limited partners of Guangzhou Development District Baytop are Guangzhou Hengyun Enterprises Group Co., Ltd. (廣州恆運企業集團股份有限公司), a company listed on the Shenzhen Stock Exchange (stock code: 000531), and Guangzhou Development District Industrial Fund Investment Group Co., Ltd. (廣州開發區產業基金投資集團有限公司) ("**Guangzhou Development District Industrial Fund**"), holding 60% and 39.71% of the partnership interests in Guangzhou Development District Baytop, respectively. Guangzhou Development District Industrial Fund is a wholly-owned subsidiary of the Guangzhou Municipal Development and Reform Commission. The general partner of Guangzhou Development District Baytop is Guangzhou Development District Urban Development Fund Management Co., Ltd. (廣州開發區城市發展基金管理有限公司), which is ultimately controlled by the Guangzhou Municipal Development and Reform Commission. Guangzhou Development Zone Hydrogen City invested in our Company after meeting with our management and conducting its own independent due diligence;
- (t) **Guangzhou Chentu Huajie** is a limited partnership established under the laws of the PRC and is principally engaged in equity investment. Its general partner is Guangzhou Xienuo Chentu Equity Investment Management Co., Ltd. (廣州謝諾辰途股權投資管理有限公司) ("**Guangzhou Xienuo Chentu**"), which is, in turn, owned as to 90% and 10% by Guangzhou Xienuo Investment Group Co., Ltd (廣州謝諾投資集團有限公司) ("**Guangzhou Xienuo Investment**") and Mr. Chen Ruibin, the largest shareholder of Guangzhou Xienuo Investment, respectively. The largest limited partners of Guangzhou Chentu Huajie are Guangzhou Chentu Huacheng Venture Capital Fund Partnership (Limited Partnership) (廣州辰途華成創業投資基金合夥企業(有限合夥)) ("**Guangzhou Chentu Huacheng**"), Mr. Liang Yongbiao and Mr. Xie Dongxiang, holding 19.35%, 12.38% and 11.61% of the partnership interests in Guangzhou Chentu Huajie, respectively. The general partner of Guangzhou Chentu Huacheng is Guangzhou Xienuo Chentu. To the best knowledge of our Directors after due inquiry, each of Mr. Chen Ruibin, Mr. Liang Yongbiao and

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Mr. Xie Dongxiang is an Independent Third Party. Guangzhou Chentu Huajie invested in our Company after meeting with our management and conducting its own independent due diligence;

- (u) **Shengrich** is a limited company incorporated under the laws of BVI and is principally engaged in equity investment. It is a wholly-owned subsidiary of Shenzhen Xinrui Fengsheng, an affiliate of Guangzhou Hose Factory. Shenzhen Xinrui Fengsheng is a limited partnership established under the laws of the PRC and is principally engaged in equity investment and enterprise consulting. Its general partner is Guangzhou Jingsui Real Estate Development Co., Ltd. (廣州市京穗房地產開發有限公司), which is owned as to 90% and 10% by Guangdong Shengfeng Group Co., Ltd. (廣東聖豐集團有限公司) (“**Guangdong Shengfeng**”) and Shanghai Shengfeng Investment Management Co., Ltd. (上海聖豐投資管理有限公司) (“**Shanghai Shengfeng**”), respectively. Guangdong Shengfeng is owned as to 80%, 10% and 10% by Shanghai Shengfeng, Mr. Jiang Nan and Ms. Yang Yaqiong, respectively. Shanghai Shengfeng is owned as to 90% and 10% by Mr. Jiang Nan and Ms. Yang Yaqiong, respectively. Guangzhou Xiangfa Rubber Co., Ltd. (廣州橡發橡膠有限公司) (“**Xiangfa Rubber**”) is the largest limited partner of Shenzhen Xinrui Fengsheng, holding 99.98% of the partnership interest in Shenzhen Xinrui Fengsheng. Xiangfa Rubber is, in turn, owned as to approximately 98.21% and 1.79% by Guangzhou Ruijing Investment Co., Ltd. (廣州瑞景投資有限公司) (“**Guangzhou Ruijing**”) and Mr. Luo Ming, respectively. Guangzhou Ruijing is owned as to 50% and 50% by Mr. Suo Zheng and Mr. Kong Lingchao, respectively. Guangzhou Hose Factory is also a wholly-owned subsidiary of Guangzhou Xiangfa. To the best knowledge of our Directors after due inquiry, each of Mr. Jiang Nan, Ms. Yang Yaqiong, Mr. Suo Zheng and Mr. Kong Lingchao is an Independent Third Party. Guangzhou Hose Factory invested in our Company after meeting with our management and conducting their own independent due diligence;
- (v) **Guangzhou Jinglong** is a limited partnership established under the laws of the PRC and is principally engaged in equity investment. Its general partner is Guangzhou Shengjing Venture Capital Co., Ltd. (廣州勝璟創業投資有限公司), which is, in turn, owned as to 99% and 1% by Mr. Yang Yiming and Ms. Xu Linling, respectively. Foshan Qiandeng Tianruo No. 2 Equity Investment Partnership (Limited Partnership) (佛山市千燈天若二號股權投資合夥企業(有限合夥)) (“**Foshan Qiandeng**”) is the largest limited partner of Guangzhou Jinglong, holding approximately 16.15% of the partnership interests in Guangzhou Jinglong, the general partner of which is Guangdong Qiandeng Zhongxin Investment Management Co., Ltd. (廣東千燈中欣投資管理有限公司) (“**Guangdong Qiandeng Zhongxin Investment Management**”). Guangdong Qiandeng Zhongxin Investment Management is owned as to 18% and 72% by Mr. Li Zairong and Shenzhen Qiandeng Venture Capital Development Co., Ltd. (深圳市千燈創業投資發展有限公司), respectively, which is, in turn, owned as to 30% and 70% by Mr. Li Zairong and Ms. Yu Xiongying. To the best knowledge of our Directors after due inquiry, each

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of Mr. Yang Yiming, Ms. Xu Linling, Ms. Du Jiaxin, Mr. Li Zairong and Ms. Yu Xiongying is an Independent Third Party. Guangzhou Jinglong invested in our Company after meeting with our management and conducting its own independent due diligence;

- (w) **Gongqingcheng Xinyi Ruian** is limited partnership established under the laws of the PRC and is principally engaged in equity investment. Its general partner is Xinyi Capital Fund Management (Shenzhen) Co., Ltd. (新意資本基金管理(深圳)有限公司), which is a wholly-owned subsidiary of Junlian Zhongan Investment Management (Shenzhen) Co., Ltd. (君聯眾安投資管理(深圳)有限公司), which is, in turn, owned as to 93% and 7% by Ms. Wang Mei and Ms. Xu Min, respectively. The largest limited partners of Gongqingcheng Xinyi Ruian are Ms. Zhao Chunrong, Guoxin Capital Co., Ltd. (國信資本有限責任公司), Shenzhen Langke Technology Company (深圳市朗科科技股份有限公司) and Ms. Gao Chunmei, holding approximately 26.55%, 25.76%, 15.93% and 10.62% of the partnership interests in Gongqingcheng Xinyi Ruian, respectively. Guoxin Capital Co., Ltd. is the wholly owned subsidiary of Guosen Securities Co., Ltd. (國信證券股份有限公司), which is a company listed on the Shanghai Stock Exchange (stock code: 002736). Shenzhen Langke Technology Company (深圳市朗科科技股份有限公司) is a company listed on the Shenzhen Stock Exchange (stock code: 300042). To the best knowledge of our Directors after due inquiry, each of Ms. Wang Mei, Ms. Xu Min, Ms. Zhao Chunrong, and Ms. Gao Chunmei is an Independent Third Party. Gongqingcheng Xinyi Ruian invested in our Company after meeting with our management and conducting its own independent due diligence;

- (x) **Chengdu Chiding** is a company established in the PRC with limited liability and is principally engaged in equity investment. Its shareholders are Sichuan Desheng Group Vanadium and Titanium Co., Ltd. (四川德勝集團鈮鈦有限公司) (“**Sichuan Desheng Group**”) and Sichuan Dingxiang Equity Investment Fund Co., Ltd (四川鼎祥股權投資基金有限公司), holding approximately 80.47% and 19.53% of the equity interests in Chengdu Chiding, respectively. The shareholders of Sichuan Desheng Group are Yunnan Desheng Logistic Co., Ltd. (雲南德勝鋼鐵有限公司) (“**Yunnan Desheng**”), Mr. Song Dean and Leshan Zhonglianya Industrial Co., Ltd. (樂山中聯亞實業有限公司) (“**Leshan Zhonglianya**”), holding approximately 47.37%, 26.84%, 25.79% of the equity interests in Sichuan Desheng Group, respectively. Yunnan Desheng is owned as to approximately 42.08%, 29.54% and 28.38% by Yunnan Desheng Logistics Co., Ltd. (雲南德勝物流有限公司) (“**Yunnan Desheng Logistics**”), Mr. Song Dean and Leshan Zhonglianya, respectively. Yunnan Desheng Logistics is owned as to 51% and 49% by Ms. Dai Lingying and Leshan Zhonglianya, respectively. Leshan Zhonglianya is ultimately owned as to 90% and 10% by Mr. Jiang Xingbin and Ms. Pan Yan, respectively. To the best knowledge of our Directors after due inquiry, each of Mr. Song Dean, Ms. Dai Lingying, Mr. Jiang Xingbin and Ms. Pan Yan is an Independent Third Party. Chengdu Chiding invested in our Company after meeting with our management and conducting its own independent due diligence;

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- (y) **Shaoguan Rongyu** is a company established in the PRC with limited liability and is principally engaged in equity investment. Shaoguan Rongyu is wholly owned by Greater Bay Area Chanrong Investment Company Limited (粵港澳大灣區產融投資有限公司), which is, in turn, owned by Guangzhou Industry and Finance Synergy Investment Development Partnership (Limited Partnership) (廣州產融協同投資發展合夥企業(有限合夥)) (“**Guangzhou Industry and Finance Synergy Investment**”), its largest shareholder, as to approximately 19.63%. The general partner of Guangzhou Industry and Finance Synergy Investment is Guangzhou Zhengsheng Enterprise Management Co., Ltd. (廣州正晟企業管理有限公司), which is, in turn, owned by Mr. Li Xinnian, Mr. Wu Haifeng and Mr. Du Muqun as to 71.40%, 14.30% and 14.30%, respectively. The largest limited partner of Guangzhou Industry and Finance Synergy Investment is Henan Shiji Yangguang Industry Development Co., Ltd. (河南世紀陽光實業發展有限公司) (“**Henan Shiji Yangguang**”), holding approximately 33.82% of the partnership interests. Henan Shiji Yangguang is owned as to 60% by Shijiazhuang Huawan Trading Co., Ltd. (石家莊華萬商貿有限公司), its the largest shareholder, which is ultimately controlled by Mr. Meng Yinghua and Mr. Wang Shihu as to 80% and 20%, respectively. To the best knowledge of our Directors after due inquiry, each of Mr. Li Xinnian, Mr. Wu Haifeng, and Mr. Du Muqun, Mr. Meng Yinghua and Mr. Wang Shihu is an Independent Third Party. Shaoguan Rongyu invested in our Company after meeting with our management and conducting its own independent due diligence;
- (z) **Foshan Kaisheng No. 1** is a limited partnership under the laws of the PRC and is principally engaged in equity investment. The general partner of Foshan Kaisheng No.1 is Guangdong Ninmeng Investment Co., Ltd. (廣東檸盟投資有限公司), which is, in turn, owned by Mr. Zhang Yining and Ms. Li Xueyi as to 85% and 15%, respectively. The largest partners of Foshan Kaisheng No. 1 are Guangdong Ningmeng Investment Co., Ltd. (廣東檸盟投資有限公司) (“**Guangdong Ningmeng**”), Sichuan Tejia Intelligent Technology Co., Ltd. (四川特佳智能科技有限公司) (“**Sichuan Tejia**”), Ms. Liang Zhongqiong and Ms. Tu Jie, holding 22%, 15%, 15% and 10% partnership interests in Foshan Kaisheng No.1, respectively. Guangdong Ningmeng is in turn owned by Mr. Zhang Yining and Ms. Li Xueyi as to 85% and 15%, respectively. Sichuan Tejia is in turn owned by Mr. Zhu Zhongxiang and Ms. Wang Ping as to 83.33% and 16.67%, respectively. To the best knowledge of our Directors after due inquiry, each of Mr. Zhang Yining, Ms. Li Xueyi, Mr. Zhu Zhongxiang, Ms. Wang Ping, Mr. Zhang Yining and Ms. Li Xueyi is an Independent Third Party. Foshan Kaisheng No.1 invested in our Company after meeting with our management and conducting its own independent due diligence;
- (aa) **Guangdong Ruihao No. 1** is a limited partnership established under the laws of the PRC and is principally engaged in equity investment. The general partner of Guangdong Ruihao No. 1 is Guangdong Ruihao Equity Investment Fund Management Co., Ltd. (廣東瑞浩股權投資基金管理有限公司) (“**Guangdong Ruihao**”), which is, in turn, owned as to 60%, 20%, 10% and 10% by Mr. Zhong Wenhui, Guangzhou Houyi Enterprise Management Partnership (Limited

Partnership) (廣州厚益企業管理合夥企業(有限合夥)) Guangzhoumintou Industrial Investment Management Co., Ltd. (廣州民投產業投資管理有限公司) (“**Guangzhoumintou Industrial**”) and Guangzhou Jiapai Investment Partnership (Limited Partnership) (廣州嘉派投資合夥企業(有限合夥)), respectively. Guangmintou No. 9 New Energy Equity Investment (Foshan) Partnership (Limited Partnership) (廣民投九號新能源股權投資(佛山)合夥企業(有限合夥)) (“**Guangmintou No. 9**”) is the largest limited partner of Guangdong Ruihao No. 1, holding approximately 89.62% of the partnership interests in Guangdong Ruihao No. 1. The general partner of Guangmintou No. 9 is Guangzhoumintou Industrial, which is owned as to 99.9% by Guangzhoumintou Investment Co., Ltd. (廣州民營投資股份有限公司) (“**Guangzhoumintou Investment**”). The largest shareholders of Guangzhoumintou Investment are Guangzhou Qinglian Culture Communication Co., Ltd. (廣州清蓮文化傳播有限公司) (“**Guangzhou Qinglian**”), Guangzhou Qianqi Software Development Co., Ltd. (廣州乾啟軟件開發有限公司) (“**Guangzhou Qianqi**”), Guangzhou Hezheng Data Processing Co., Ltd. (廣州合正數據處理有限公司) (“**Guangzhou Hezheng**”), Shenzhen Shide Investment Co., Ltd. (深圳市時德投資有限公司) (“**Shenzhen Shide**”), Guangzhou Laidian Commerce Co., Ltd. (廣州來電貿易有限公司) (“**Guangzhou Laidian**”) and Shenzhen Qianhai Jiaxinuo Technology Co., Ltd. (深圳前海嘉信諾科技有限公司), holding 18%, 18%, 15.5%, 15%, 12% and 10% of the shares of Guangzhoumintou Investment, respectively, among which, Guangzhou Qinglian is wholly owned by Mr. Wen Xinzhang, Guangzhou Qianqi is wholly owned by Mr. Wen Dexiang, Guangzhou Hezheng is wholly owned by Mr. Zhang Zhihao, Shenzhen Qianhai Jiaxinuo Technology Co., Ltd. (深圳前海嘉信諾科技有限公司) is ultimately controlled by Shenzhen Shide, which is owned as to 95.24% and 4.76% by Mr. Yang Shiqing and Ms. Sun Dexiang, respectively, and Guangzhou Laidian is wholly owned by Ms. Wen Degui. The largest limited partners of Guangmintou No. 9 are Mr. Weng Weixiong and Mr. Liu Feng, holding approximately 11.47% and 11.47% of the partnership interests in Guangmintou No. 9, respectively. To the best knowledge of our Directors after due inquiry, each of Mr. Zhong Wenhui, Mr. Weng Weixiong, Mr. Liu Feng, Mr. Wen Xinzhang, Mr. Wen Dexiang, Mr. Zhang Zhihao, Mr. Yang Shiqing, Ms. Sun Dexiang and Ms. Wen Degui is an Independent Third Party. Guangdong Ruihao No. 1 invested in our Company after meeting with our management and conducting its own independent due diligence;

- (ab) **Guangdong Ruihao No. 2** is a limited partnership established under the laws of the PRC and is principally engaged in equity investment. The general partner of Guangdong Ruihao No. 2 is Guangdong Ruihao. The largest limited partners of Guangdong Ruihao No. 2 are Guangzhoumintou Emerging Industries Research Institute Co., Ltd. (廣州民投新興產業研究院有限公司) (“**Guangzhoumintou Institute**”) and Guangmintou No. 10 New Energy Equity Investment (Foshan) Partnership (Limited Partnership) (廣民投十號新能源股權投資(佛山)合夥企業(有限合夥)) (“**Guangmintou No. 10**”), holding approximately 53.79% and 30.00% of the partnership interests in Guangdong Ruihao No. 2. Guangzhoumintou Institute is owned as to 99% and 1% by Guangzhoumintou Investment and Guangzhoumintou

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Industrial, respectively. The general partner of Guangmintou No. 10 is Guangzhoumintou Industrial. The largest limited partners of Guangmintou No. 10 are Mr. Wu Guixiang and Guangmintou No. 2 New Energy Equity Investment (Foshan) Partnership (Limited Partnership) (廣民投二號新能源股權投資(佛山)合夥企業(有限合夥)) (“**Guangmintou No. 2**”), holding approximately 48.66% and 33.33% of the partnership interests in Guangmintou No. 10, respectively. The general partner of Guangmintou No. 2 is Guangzhoumintou Industrial. The limited partner of Guangzhoumintou No. 2 is Mr. Li Jianhua, holding approximately 99.99% of the partnership interests. For details of Guangdong Ruihao, Guangzhoumintou Investment and Guangzhoumintou Industrial, please see note (aa) above. To the best knowledge of our Directors after due inquiry, each of Mr. Wu Guixiang and Mr. Li Jianhua is an Independent Third Party. Guangdong Ruihao No. 2 invested in our Company after meeting with our management and conducting its own independent due diligence;

- (ac) **Guangmintou New Energy** is a limited partnership established under the laws of the PRC and is principally engaged in equity investment. The general partner of Guangmintou New Energy is Guangzhoumintou Industrial. Guangmintou No. 8 New Energy Equity Investment (Foshan) Partnership (Limited Partnership) (廣民投八號新能源股權投資(佛山)合夥企業(有限合夥)) (“**Guangmintou No. 8**”) is the largest limited partner of Guangmintou New Energy, holding approximately 63.92% of the partnership interests in Guangmintou New Energy. The general partner of Guangmintou No. 8 is Guangzhoumintou Industrial. The largest limited partners of Guangmintou No. 8 are Mr. Zhou Zhicong, Mr. Yang Lin, Zhuhai Hengqin Changjiang Shiye Co., Ltd. (珠海市橫琴長江實業有限公司) (“**Zhuhai Hengqin**”) and Yichuang Equity Investment Fund (Zaozhuang) Partnership (Limited Partnership) (億創股權投資基金(棗莊)合夥企業(有限合夥)) (“**Yichuang Equity**”), holding approximately 22.35%, 16.76%, 11.17% and 10.06% of the partnership interests in Guangmintou No. 8, among which Zhuhai Hengqin is wholly owned by Mr. Yang Lin. The general partner of Yichuang Equity is Qingdao Yichuang New Energy Private Equity Fund Management Co., Ltd. (青島億創新能私募基金管理有限公司) (“**Qingdao Yichuang**”), which is owned as to 99% and 1% by Mr. Huang Kaikai and Mr. Zhu Kaijie, respectively. The largest limited partners of Yichuang Equity are Mr. Huang Yongfei and Mr. Huang Kaikai, holding 32.5% and 9.95% of the partnership interests in Yichuang Equity, respectively. For details of Guangzhoumintou Industrial, please see note (aa) above. To the best knowledge of our Directors after due inquiry, each of Mr. Zhou Zhicong, Mr. Yang Lin, Mr. Huang Kaikai, Mr. Zhu Kaijie and Mr. Huang Yongfei is an Independent Third Party. Guangmintou New Energy invested in our Company after meeting with our management and conducting its own independent due diligence; and

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(ad) **Guangdong Hengxin Zhixing** is a limited partnership established under the laws of the PRC and is principally engaged in equity investment. The general partner of Guangdong Hengxin Zhixing is Guangdong Advanced Manufacturing Industry Investment Private Equity Fund Management Co., Ltd. (廣東先進製造產業投資私募基金管理有限公司), which is ultimately controlled by the State-owned Assets Supervision and Administration Commission of the People's Government of Guangdong Province. The largest limited partners of Guangdong Hengxin Zhixing are Southern Publishing & Media Co., Ltd. (南方出版傳媒股份有限公司), a company listed on the Shanghai Stock Exchange (stock code: 601900), Guangzhou Panyu Fund Management Co., Ltd. (廣州番禺基金管理有限公司) ("**Panyu Fund**") and Gongqingcheng Tuoshi Red Bird Phase I Venture Capital Partnership (Limited Partnership) (共青城琢石紅鳥一期創業投資合夥企業(有限合夥)) ("**Gongqingcheng Tuoshi**"), holding approximately 28.9%, 14.45% and 10.12% of the partnership interests in Guangdong Hengxin Zhixing, respectively, among which, Panyu Fund is owned as to 50% and 50%, respectively, by the State-Owned Assets Administration Bureau of Guangzhou City Panyu District People's Government and Guangzhou Jinkong Fund Management Co., Ltd. (廣州金控基金管理有限公司), which is ultimately controlled by Guangzhou Municipal People's Government. Guangdong Hengxin Zhixing invested in our Company after meeting with our management and conducting its own independent due diligence.

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CAPITALIZATION OF OUR COMPANY

The following table sets out our shareholding structure (a) as of the date of this Prospectus and (b) immediately upon the completion of the Global Offering (assuming the Share Cancellation has been completed and all Preferred Shares have been converted into the Shares on a one-to-one basis immediately upon the completion of the Global Offering).

Shareholders	Ordinary Shares	Series A Preferred Shares	Series B Preferred Shares	Aggregate number of Shares immediately before the Global Offering	Aggregate ownership percentage ⁽²⁾	Aggregate number of Shares upon completion of the Global Offering ⁽¹⁾	Aggregate ownership percentage upon the completion of the Global Offering ⁽¹⁾⁽²⁾
GAIG	8,797,226	17,258,940	9,684,625	35,740,791	20.53%	46,302,391	22.68%
China Lounge	26,202,774	—	—	26,202,774	15.05%	26,202,774	12.84%
Tencent Mobility	25,000,000	7,396,688	—	32,396,688	18.61%	32,396,688	15.87%
Guangzhou Public Transport	10,000,000	—	—	10,000,000	5.74%	10,000,000	4.90%
Redmount Investments	5,000,000	—	—	5,000,000	2.87%	5,000,000	2.45%
Da Yi Investment	5,000,000	—	—	5,000,000	2.87%	5,000,000	2.45%
China Drive	5,000,000	—	—	5,000,000	2.87%	5,000,000	2.45%
Jovial Lane	5,000,000	—	—	5,000,000	2.87%	11,822,600	5.79%
Ruqi Mobility(a) Limited	110,000	—	—	110,000	0.06%	110,000	0.05%
Zhixing BVI, Other Senior Management Shareholders, Zhixing I Trust and Zhixing II Trust	9,890,000	—	—	8,054,548	4.63%	8,054,548	3.95%
SMBC	—	3,007,986	—	3,007,986	1.73%	3,007,986	1.47%
DMR	—	2,958,674	—	2,958,674	1.70%	2,958,674	1.45%
Pony AI	—	9,392,612	—	9,392,612	5.39%	10,954,512	5.37%
Guangzhou Guangshang Xinfu	—	2,465,563	—	2,465,563	1.42%	2,465,563	1.21%
Guangzhou Industrial Control	—	2,465,563	—	2,465,563	1.42%	2,465,563	1.21%
Guangzhou Kechuang Hexing	—	1,849,172	—	1,849,172	1.06%	1,849,172	0.91%

HISTORY, REORGANIZATION AND CORPORATE STRUCTURE

Shareholders	Ordinary Shares	Series A Preferred Shares	Series B Preferred Shares	Aggregate number of Shares immediately before the Global Offering	Aggregate ownership percentage ⁽²⁾	Aggregate number of Shares upon completion of the Global Offering ⁽¹⁾	Aggregate ownership percentage upon the completion of the Global Offering ⁽¹⁾⁽²⁾
Guangzhou Kechuang Industrial Shengrich	–	1,479,337	–	1,479,337	0.85%	1,479,337	0.72%
Guangzhou Development Zone Hydrogen City	–	–	1,642,575	1,642,575	0.94%	1,642,575	0.80%
Guangzhou Chentu Huajie	–	–	657,030	657,030	0.38%	657,030	0.32%
Guangzhou Jinglong	–	–	2,135,348	2,135,348	1.23%	2,135,348	1.05%
Gongqingcheng Xinyi Ruian	–	–	657,030	657,030	0.38%	657,030	0.32%
Chengdu Chiding	–	–	927,201	927,201	0.53%	927,201	0.45%
Shaoguan Rongyu	–	–	657,030	657,030	0.38%	657,030	0.32%
Guangzhou Huiyin	–	–	468,134	468,134	0.27%	468,134	0.23%
New Energy	–	–	680,026	680,026	0.39%	680,026	0.33%
Foshan Kaisheng No. 1	–	–	328,515	328,515	0.19%	328,515	0.16%
Guangdong Ruihao No. 1	–	–	1,133,377	1,133,377	0.65%	1,133,377	0.56%
Guangdong Ruihao No. 2	–	–	377,792	377,792	0.22%	377,792	0.19%
Guangmintou New Energy	–	–	2,611,695	2,611,695	1.50%	2,611,695	1.28%
Guangdong Hengxin Zhixing	–	–	519,053	519,053	0.30%	519,053	0.25%
Hefei Gotion	–	–	5,190,538	5,190,538	2.98%	5,190,538	2.54%
Other Public Shareholders	–	–	–	–	–	11,058,700	5.42%
	<u>100,000,000</u>	<u>48,274,535</u>	<u>27,669,969</u>	<u>174,109,052</u>	<u>100.00%</u>	<u>204,113,852</u>	<u>100.00%</u>

Notes:

(1) Assuming the Share Cancellation has been completed and all Preferred Shares have been converted into the Shares on a one-to-one basis immediately upon the completion of the Global Offering.

(2) The aggregate percentage may not add up to 100% due to rounding.

HISTORY, REORGANIZATION AND CORPORATE STRUCTURE

PUBLIC FLOAT

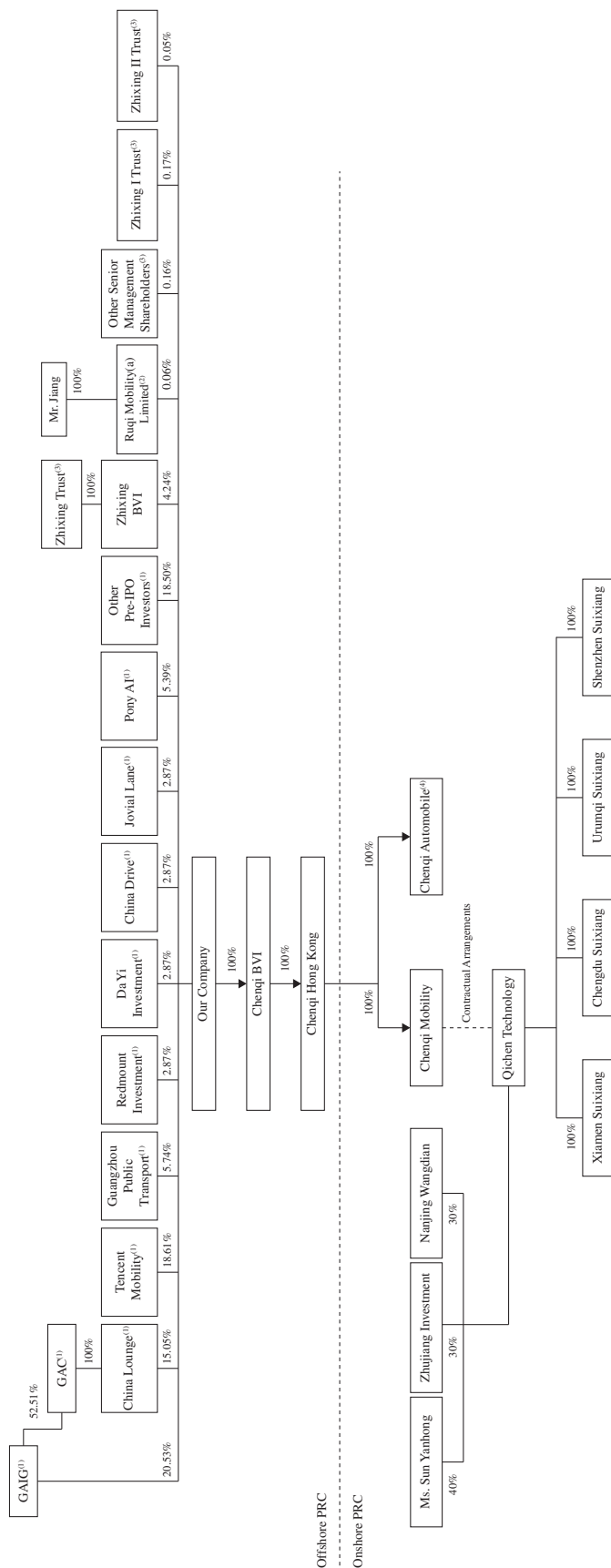
Save for the Shares directly held by our core connected persons, including GAIG, China Lounge, Tencent Mobility, Guangzhou Public Transport, Redmount Investments Limited, Guangzhou Guangshang Xinfu, Guangzhou Industrial Control, Guangzhou Kechuang Hexing, Guangzhou Kechuang Industrial, Guangzhou Huiyin New Energy, Guangzhou Development Zone Hydrogen City, Guangdong Hengxin Zhixing, Zhixing BVI, Zhixing I Trust and Ruqi Mobility(a) Limited, the Shares held by other Shareholders will be counted towards the public float upon Listing, representing approximately 32.49% of total issued share capital of our Company, based on the low-end of the indicative range of the Offer Price.

Taking into account the Shares held by other Pre-IPO Investors and our Shares to be issued to other public shareholders pursuant to the Global Offering, our Directors are of the view that our Company will be able to satisfy the public float requirement under Rule 8.08 of the Listing Rules.

CORPORATE STRUCTURE

Corporate Structure immediately before the Global Offering

The following diagram illustrates the simplified corporate and shareholding structure of our Company immediately prior to the completion of the Global Offering:

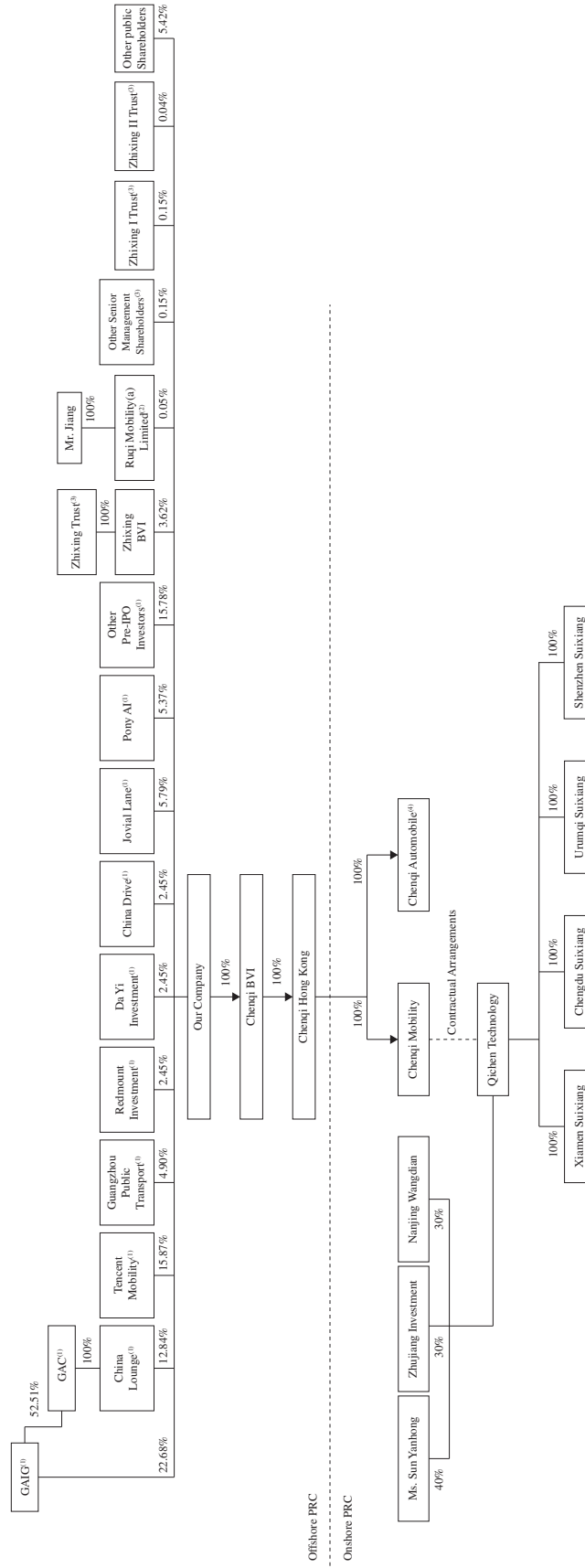


Notes:

- (1) See “— Pre-IPO Investments” and “— Capitalization of Our Company” for details of the identities and shareholding of our Pre-IPO Investors.
- (2) Share held by Ruqi Mobility(a) Limited will not be counted towards the public float as it is held by our Director, Mr. Jiang.
- (3) Beneficiaries of Zhiqing Trust include Mr. Jiang (our Director) and others. Other Senior Management Shareholders include senior management or their holding companies except for Mr. Jiang. Beneficiaries of Zhiqing I Trust include Mr. Jiang and others. The beneficiary of Zhiqing II Trust is Han Feng, one of our senior management.
- (4) Chengqi Automobile has been principally engaged in provision of fleet sale and maintenance services since 2024, which was previously carried out by Chenqi Mobility.
- (5) The aggregate percentage may not add up to 100% due to rounding.

Corporate Structure immediately following the Global Offering

The following diagram illustrates the simplified corporate and shareholding structure of our Company immediately following the completion of the Global Offering (assuming the Share Cancellation has been completed and all Preferred Shares have been converted into the Shares on a one-to-one basis immediately upon the completion of the Global Offering):



Note: See the corresponding notes (1) to (5) for the chart under “Corporate Structure immediately before the Global Offering” above.

PRC REGULATORY REQUIREMENTS

Our PRC Legal Advisor has confirmed that the share transfers, reorganizations and acquisitions in respects of the PRC companies in our Group as described above have been properly and legally completed and all required governmental approvals have been obtained in accordance with PRC laws and regulations in all material aspects, save as otherwise disclosed in this Prospectus.

SAFE Registration in the PRC

Pursuant to the Circular of the SAFE on Foreign Exchange Administration of Equity Financing and Round-Trip Investments by Domestic Residents via Special Purpose Vehicles (《國家外匯管理局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》) (“**Circular 37**”), promulgated by SAFE and which became effective on July 4, 2014 (i) a PRC resident must register with the local SAFE branch in connection with their contribution of offshore or domestic assets or equity interests in an overseas special purpose vehicle (the “**Overseas SPV**”) that is directly established or indirectly controlled by the PRC resident for the purpose of conducting overseas investment or financing, and (ii) following the initial registration, the PRC 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 PRC 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 Circular 37, failure to comply with these registration procedures may result in penalties. In addition, due to such failure to comply with the registration procedures, the PRC subsidiaries of that Overseas SPV may be prohibited from distributing their profits and dividends to their offshore parent company or from carrying out other subsequent cross-border foreign exchange activities, and the Overseas SPV and its offshore subsidiary may be restricted in their ability to contribute additional capital to their PRC subsidiaries.

Pursuant to the Notice on Further Simplifying and Improving Foreign Exchange Administration Policy 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》), promulgated by SAFE and effective on June 1, 2015, the power to accept SAFE registration was delegated from local SAFE to qualified banks.

As advised by our PRC Legal Advisor, as of the Latest Practicable Date, (i) the individual beneficial owners of the Senior Management Holding Companies who we are aware of as being subject to Circular 37 completed the required registration under Circular 37 in 2023; and (ii) Shareholders which are domestic institutions have completed their ODI registration with the relevant governmental authorities.

CSRC FILING

Pursuant to the Trial Measures and five supporting guidelines, released by the CSRC on February 17, 2023, which came into effect on March 31, 2023, domestic companies that seek to offer and list securities overseas, directly or indirectly, should fulfill the filing procedure and report relevant information to the CSRC. Pursuant to the Trial Measures, any overseas offering and listing made by an issuer that meets both of the following conditions will be deemed as an indirect overseas offering and listing that should be filed with the CSRC: (i) 50% or more of the issuer's operating revenue, total profit, total assets or net assets as documented in its audited consolidated financial statements for the most recent fiscal year is accounted for by PRC domestic companies; and (ii) the key aspects of the issuer's business activities are conducted in Mainland China, or its main places of operations are located in Mainland China, or the senior managers in charge of its operation and management are mostly Chinese citizens or domiciled in the PRC. Given that our domestic operating entities generated a substantial amount of our total revenue as shown in our audited consolidated financial statements for the year ended December 31, 2022 and that our business activities are mainly conducted in the PRC, our PRC Legal Advisor is of the opinion that we are required to undertake the filing procedures with the CSRC.

We have submitted a filing to the CSRC for application of the listing of the Shares on the Stock Exchange on August 22, 2023. The CSRC issued the Notice of Filing on June 13, 2024 for the Global Offering and for the listing of the Shares on the Stock Exchange, confirming the filing information of our Company's overseas listing and indicating that we have completed the relevant filing procedures prior to the listing, provided that no further requirements raised by the CSRC regarding our filing. Our PRC Legal Advisor is of the opinion that no other filing notifications from the CSRC are required to be obtained prior to the listing of the Shares on the Stock Exchange pursuant to the Trial Measures.

CONTRACTUAL ARRANGEMENTS

PRC REGULATORY BACKGROUND

Background

Foreign investment activities in the PRC are mainly governed by the Special Administrative Measures for the Access of Foreign Investment (Negative List) (2021) (《外商投資准入特別管理措施(負面清單)(2021年版)》) (the “**Negative List**”), which was promulgated and amended from time to time jointly by the MOFCOM and the NDRC. The Negative List sets forth the industries in which foreign investment is restricted or prohibited.

As advised by our PRC Legal Advisor, a summary of our businesses/operations that are subject to foreign investment restriction in accordance with the Negative List, other applicable PRC laws and consultations with relevant governmental authorities, is set out below (the “**Relevant Business**”):

Categories	Our business/operation
“Prohibited”	
On-ground mobile surveying	<p>Our Group is engaged in, among other things, the provision of Robotaxi services and technology services. In the provision of Robotaxi services and technology services, we collect, store, transmit and process surveying and mapping geographic information data such as spatial coordinates, images, point clouds and their property information generated during the operation, service, and road testing of Robotaxi. These activities are classified as geographic information system engineering and internet map services.</p> <p>According to the Negative List, on-ground mobile surveying under the geographic information system engineering is classified as “prohibited” business. Foreign investors are prohibited from holding any equity interest in any enterprise conducting such business.</p>

CONTRACTUAL ARRANGEMENTS

To comply with PRC laws and regulations, our Company provides Robotaxi services through Qichen Technology, one of our Consolidated Affiliated Entities, which is required to hold, and has obtained, a Surveying and Mapping Qualification Certificate (測繪資質證書) (Category B mapping qualifications for geographic information system engineering and internet map services).

In view of the aforementioned PRC regulatory background, Qichen Technology consulted the Department of Natural Resources of Guangdong Province (the “DNRG”) by way of written submission on a named basis, and the DNRG responded in writing in July 2023. Based on the consultation, on-ground mobile surveying is prohibited from foreign investment under applicable PRC laws, and the Contractual Arrangements do not require the DNRG’s approval. Our PRC Legal Advisor is of the view that the DNRG is the competent authority to provide the foregoing confirmations.

“Restricted”

Value-added telecommunications services

In order to improve the user experience of our ride-hailing, hitch and Robotaxi services, our platform also operates an online store for its users to purchase certain coupons and special offers and provides value-added services such as allowing users to view popular pick-up and drop-off locations and other additional functions (the “**Value-added Services**”) which constitute commercial value-added telecommunications service business under the Classified Catalogue of Telecommunications Services (《電信業務分類目錄》). Therefore, we are required to hold, and have obtained, a Value-added Telecommunication Services Business Operation License (增值電信業務經營許可證) (the “**ICP License**”) under the applicable PRC laws and regulations.

CONTRACTUAL ARRANGEMENTS

According to the Negative List and other applicable PRC laws and regulations, the provision of value-added telecommunication services business (including commercial internet content provision services) is a “restricted” business, and foreign investors are not allowed to hold more than 50% of the equity interest in enterprises conducting such business (excluding electronic commerce, domestic multi-party communication, storage-forwarding and call center).

To comply with PRC laws and regulations, our Company provides the Value-added Services through Qichen Technology, one of our Consolidated Affiliated Entities, which is required to hold, and has obtained, the ICP License.

In view of the aforementioned PRC regulatory background, Qichen Technology consulted Guangdong Communications Administration (the “GCA”) by way of written submission on a named basis, and GCA responded in writing in June 2023. Based on the consultation, GCA confirmed that value-added telecommunications services are restricted from foreign investment and the Contractual Arrangements do not require the GCA’s approval. Our PRC Legal Advisor is of the view that the GCA is the competent authority to provide the foregoing confirmation.

On March 29, 2022, the State Council promulgated the Decision of the State Council on Amending or Abolishing Certain Administrative Regulations (關於修改和廢止部分行政法規的規定, the “**2022 Decision**”), which came into effect on May 1, 2022. According to the 2022 Decision, requirements of good track record and operational experience of the primary foreign investor in a foreign-invested value-added telecommunications enterprise (the “**Qualification Requirements**”), as stipulated in the previous the Regulations for Administration of Foreign-invested Telecommunications Enterprises (外商投資電信企業管理規定), were canceled. See “Regulatory Overview – Regulations Relating to Foreign Investment in Value-Added Telecommunications Services” in this Prospectus for details. Our PRC legal advisors advised us that: (1) the foreign investment in the value-added telecommunication service is restricted under current PRC laws and regulations; and (2) the removal of the Qualification Requirements does not change the abovementioned restrictions on foreign investment in our value-added telecommunication service such that our Company would be able to hold our Consolidated Affiliated Entities directly or indirectly through wholly owned equity ownership. As of the Latest Practicable Date, we had not received any inquiry or notice from the competent authorities regarding the validity of our ICP Licenses or our Contractual Arrangements as a whole.

CONTRACTUAL ARRANGEMENTS

We will closely monitor any future development relating to the laws and regulations relating to foreign investment restriction and will take all necessary actions to comply with applicable laws, regulations and specific requirements or guidance, including reorganizing our corporate structure, if required in the future. See section paragraph “– The Contractual Arrangements – Circumstances under which We will Unwind our Contractual Arrangements” in this section for details.

Apart from “prohibited” and “restricted” businesses above, as advised by our PRC Legal Advisor, none of other businesses operated by our Group is subject to any foreign investment restrictions.

The Relevant Businesses

Qichen Technology, one of our Consolidated Affiliated Entities, is principally engaged in providing our mobility services, including ride-hailing, Robotaxi and hitch, technology services, and other services (including, among others, the Value-added Services) through our online platform.

On June 5, 2024, our PRC Legal Advisor consulted MIIT through its official consultation hotline on a named basis, and is of the view that (i) our platform is required to obtain, and has obtained, the ICP License because it operates the Valued Added Services, i.e. the operation of the online store and the provision of other value added services such as allowing users to view popular pick-up and drop-off locations and other additional functions, on our platform; and (ii) given that MIIT is designated by the Telecommunications Regulations of the PRC (《中華人民共和國電信條例》) to implement nationwide supervision and administration of telecommunications industry, and the officer was designated by MIIT to respond to our consultation conducted through the official consultation hotline of MIIT, MIIT and such officer is competent to provide the consultation.

Our Company believes that the provision of Robotaxi services can supplement our manned ride-hailing services and is crucial to the future direction of our Group, and that our Robotaxi services and other services provided on our platform, including, among others, the Value-added Services, are inseparable and inextricably linked to our manned ride-hailing services and other mobility services for the following reasons:

- (a) As advised by our PRC Legal Advisor, Notice by the MIIT, the Ministry of Public Security, the Ministry of Housing and Urban-Rural Development, and the MoT of Implementing the Pilot Program of Access and On-road Traffic of Intelligent Connected Vehicles (《工業和信息化部、公安部、住房和城鄉建設部、交通運輸部關於開展智能網聯汽車准入和上路通行試點工作的通知》) provides that where a vehicle is used for transportation operation, the operating qualification of the corresponding business category shall be obtained. As such, our Company is qualified to participate in the pilot programs of Robotaxi operation as we have the relevant industry experience and license to operate in the manned ride-hailing

CONTRACTUAL ARRANGEMENTS

services. As the entity operating Robotaxi services must also hold the relevant qualification for the ride-hailing services, our Group engages in a hybrid operational mode combining both manned ride-hailing and Robotaxi services on the same unified online platform.

- (b) Our mobility services and other services provided on our platform including, among others, the Value-added Services are provided through our mobile apps and *Weixin* Mini Program using the same back-end management system, having the same user group and adopting the same payment methods. Riders book and manage trips via one platform and are allowed to select any of the three options (i.e. ride-hailing, hitch and Robotaxi). It would be impracticable and impossible to request riders to place orders and give instructions via various separate platforms. It would also be technically impracticable and commercially unviable for us to establish separate underlying operating systems as riders' and drivers' data need to be connected through our integrated operating system to achieve the efficient and safe operation of each of the ride-hailing, hitch and Robotaxi services;
- (c) both our manned ride-hailing services, Robotaxi services, and services provided on our platform (including, among others, the Value-added Services) depend on our information, technologies, intellectual property rights, human resources and know-how, and use the same logic and algorithm technology;
- (d) splitting the Relevant Businesses from our other services and businesses would not be conducive to the maintenance and management of our technology and resources and would incur substantial cost; and
- (e) our Robotaxi services and other services provided on our platform (including, among others, the Value-added Services) target users from our mobility service platform and aim to provide our users with enhanced and diversified services, which effectively supplement our core mobility services and constitute part of our multi-dimensional mobility service system.

Qichen Technology, being one of our Consolidated Affiliated Entities and the entity that engages in the provision of our mobility services, can provide the resources required for our conventional ride-hailing services, Robotaxi services, hitch and other services provided on our platform (including, among others, the Value-added Services). Businesses that are operationally separable and not inextricably linked to our manned ride-hailing services and other services provided on our platform, for example our fleet sale and maintenance, are operated by Chenqi Mobility and are not included in the scope of the Contractual Arrangements.

CONTRACTUAL ARRANGEMENTS

As advised by our PRC Legal Advisor, we cannot hold or acquire any equity interest in our Consolidated Affiliated Entities as, under the Negative List and other applicable PRC laws and regulations, foreign investors are:

- (a) prohibited from holding any equity interest in a PRC enterprise engaging in on-ground mobile surveying business; and
- (b) restricted from holding more than 50% of the equity interest in a PRC enterprise providing commercial internet information services requiring the ICP License, which are categorized as “value-added telecommunication service business”.

As confirmed by our Company, the relevant Consolidated Affiliated Entities provide commercial internet information, on-ground mobile surveying business and businesses which are not included in the Negative List on the same platform. All these Relevant Businesses form an integral part of the Group’s business and are operated on the same platform, which cannot be separated from one another. As advised by our PRC Legal Advisor, given the fact that Qichen Technology holds a Surveying and Mapping Qualification Certificate which is prohibited from foreign investment, our Company is not able to directly hold equity interests in Qichen Technology.

As illustrated above, in order to maintain our business operations in compliance with the applicable PRC laws and regulations, our Company, as a foreign investor under the current regulatory regime, has adopted the Contractual Arrangements, which allow our Company to exercise control over the business operations of our Consolidated Affiliated Entities and enjoy all the economic interests derived therefrom. Based on the above and the advice of our PRC Legal Advisor, we are of the view that the Contractual Arrangements, which are narrowly tailored, are necessary to enable us to conduct business that is subject to foreign investment restrictions in the PRC.

THE CONTRACTUAL ARRANGEMENTS

Overview

As described above, investment in certain areas of the industries in which our Consolidated Affiliated Entities currently operate is subject to restrictions under current PRC laws and regulations. After consultation with our PRC Legal Advisor, we determined that it was not viable for our Company to hold our Consolidated Affiliated Entities directly through equity ownership. Instead, we decided that, in line with common practice in industries in the PRC subject to foreign investment restrictions, we would gain effective control over, and receive all the economic benefits generated by, the businesses currently operated by our Consolidated Affiliated Entities through the Contractual Arrangements entered into between Chenqi Mobility, Qichen Technology and the Registered Shareholders on July 10, 2019 and as amended on August 11, 2023.

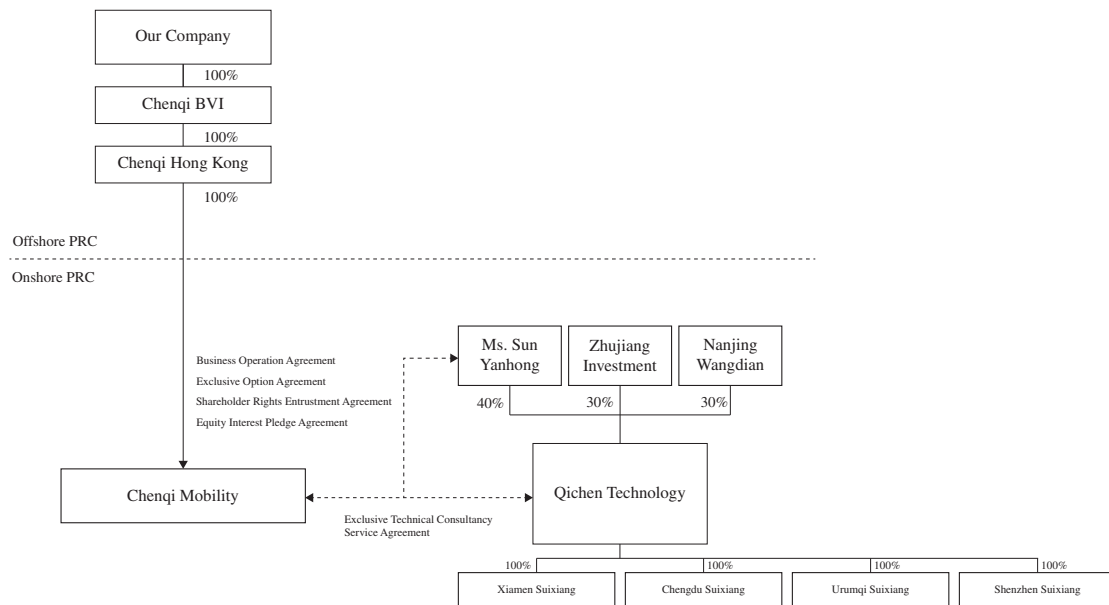
CONTRACTUAL ARRANGEMENTS

The total revenue of our Consolidated Affiliated Entities accounted for 99%, 91% and 84% of our Group’s total revenue for the years ended December 31, 2021, 2022 and 2023, respectively.

As of the Latest Practicable Date, Qichen Technology is held by Ms. Sun Yanhong (the “**Individual Registered Shareholder**”), Zhujiang Investment and Nanjing Wangdian as to 40%, 30% and 30% of the total shareholding of Qichen Technology, respectively.

Contractual Arrangements

The following simplified diagram illustrates the flow of economic benefits from our Consolidated Affiliated Entities to Chenqi Mobility and our Company under the Contractual Arrangements:



Notes:

- (1) Qichen Technology is held by Ms. Sun Yanhong, Zhujiang Investment and Nanjing Wangdian, as to 40%, 30% and 30% of the total shareholding of Qichen Technology, respectively.

Ms. Sun Yanhong, a PRC national, is a shareholder as to approximately 20% of the shares in China Drive Investment Limited, a Shareholder of our Company.

Zhujiang Investment is an entity owned as to 99% by Mr. Zhu Weihang. Mr. Zhu Weihang is the sole shareholder of Redmount Investments Limited, a Shareholder of our Company. As confirmed by Zhujiang Investment, its ultimate shareholders are PRC nationals.

Nanjing Wangdian is a subsidiary controlled by Tencent. As confirmed by Nanjing Wangdian, its ultimate registered shareholders are PRC nationals.

- (2) “ \longrightarrow ” denotes direct legal and beneficial ownership in equity interest.
- (3) “ \longleftarrow ” denotes contractual relationship.

CONTRACTUAL ARRANGEMENTS

- (4) As of the Latest Practicable Date, Qichen Technology held the Surveying and Mapping Qualification Certificate (測繪資質證書) (Category B mapping qualifications for geographic information system engineering and internet map services) and the ICP License.
- (5) Xiamen Suixiang, Chengdu Suixiang, Urumqi Suixiang and Shenzhen Suixiang were established in order to effectively manage and efficiently execute local businesses of Qichen Tehcnology in provinces and cities where they were established.

Circumstances under which we will unwind our Contractual Arrangements

If the Relevant Businesses are no longer prohibited or restricted under the applicable PRC laws and regulations and it is practicable for us to apply for and maintain the applicable licenses for the Relevant Businesses, we will unwind and terminate the Contractual Arrangements as soon as practicable in respect of such Relevant Businesses. In that case, Chenqi Mobility will exercise the call option under the Exclusive Option Agreement (as defined below) to acquire the equity interest in Qichen Technology and unwind the Contractual Arrangements, and we will directly hold the maximum percentage of ownership interests permissible under relevant PRC laws and regulations.

Summary of the Material Terms under the Contractual Arrangements

A description of each of the specific agreements that comprise the Contractual Arrangements is set out below.

Exclusive Technical Consultancy Service Agreement

Qichen Technology and Chenqi Mobility entered into the exclusive technical consultancy service agreement dated July 10, 2019 and as amended on August 11, 2023 (the “**Exclusive Technical Consultancy Service Agreement**”), pursuant to which Qichen Technology agreed to engage Chenqi Mobility as its exclusive technical consultancy and management service provider, including, but not limited to, technical support, maintenance service, business development and marketing service and management consultancy service, use of intellectual property rights and financial service from time to time.

In consideration of the services provided by Chenqi Mobility, Qichen Technology shall pay service fees to Chenqi Mobility (the “**Service Fees**”). To the extent permitted under applicable PRC laws, the annual Service Fee payable by Qichen Technology to Chenqi Mobility shall be equivalent to the amount of the profit earned by Qichen Technology in the year, after deducting the amount of the necessary costs and expenses required for Qichen Technology’s business operation, taxes, and compensating for Qichen Technology’s losses in previous years (if required under applicable laws) and withdrawal of statutory reserves (if required under applicable laws) (the “**Maximum Amount of the Service Fee**”). Chenqi Mobility shall have the right to adjust the amount of the Service Fee based on the circumstances of the services provided by Chenqi Mobility to Qichen Technology, the operating conditions of Qichen Technology and the developmental needs of Qichen Technology, but the amount of the Service Fee shall not exceed the Maximum Amount of the Service Fee.

CONTRACTUAL ARRANGEMENTS

Chenqi Mobility shall calculate the fees and issue a corresponding invoice to Qichen Technology every quarter. Qichen Technology must make payment to Chenqi Mobility within 10 business days of receiving such invoice.

In addition, without the prior written consent of Chenqi Mobility, during the term of the Exclusive Technical Consultancy Service Agreement, with respect to the services subject to the Exclusive Technical Consultancy Service Agreement, Qichen Technology shall not establish any cooperative relationship with any third party for the provision of the same or any similar services. Chenqi Mobility may designate other parties to provide services or support under the Exclusive Technical Consultancy Service Agreement to Qichen Technology.

The Exclusive Technical Consultancy Service Agreement took effect on July 10, 2019 and shall remain effective for a term of 10 years unless it is terminated by Chenqi Mobility with 30 days' written notice. The Exclusive Technical Consultancy Service Agreement shall automatically renew for another 10 years unless Chenqi Mobility requests not to renew the Exclusive Technical Consultancy Service Agreement one month prior to its expiry date.

Business Operation Agreement

Chenqi Mobility, Qichen Technology and the Registered Shareholders entered into the business operation agreement on July 10, 2019 and as amended on August 11, 2023 (the "**Business Operation Agreement**"), pursuant to which the Registered Shareholders agreed not to require or procure Qichen Technology to conduct any transaction or take any action that may affect Qichen Technology's assets, business, human resources, obligations and rights without the prior written consent of Chenqi Mobility or any third party designated by Chenqi Mobility. Qichen Technology and the Registered Shareholders further agreed that Qichen Technology shall accept any requirements provided by Chenqi Mobility in respect of Qichen Technology's appointment and resignation of employees and senior management, daily operations, and financial management systems. The Registered Shareholders shall appoint any executive directors, directors or chairman nominated by Chenqi Mobility in accordance with the applicable laws and regulations and the constitutional documents of Qichen Technology. The Registered Shareholders agreed to transfer any dividends or any other income or interests they receive as the shareholders of Qichen Technology immediately and unconditionally to Chenqi Mobility or any third party designated by Chenqi Mobility. Chenqi Mobility is entitled to, at its discretion, dispose of any assets of Qichen Technology without consent from Registered Shareholders.

The Business Operation Agreement took effect on July 10, 2019 and shall remain effective for a term of 10 years unless it is terminated by Chenqi Mobility with 30 days' written notice. The Business Operation Agreement shall automatically renew for 10 years unless Chenqi Mobility requests not to renew the Business Operation Agreement one month prior to its expiry date.

CONTRACTUAL ARRANGEMENTS

Exclusive Option Agreement

Chenqi Mobility, Qichen Technology and the Registered Shareholders entered into the exclusive option agreement dated July 10, 2019 and as amended on August 11, 2023 (the “**Exclusive Option Agreement**”), pursuant to which Chenqi Mobility has the irrevocable and exclusive option to purchase, or designate one or more persons to purchase, from the Registered Shareholders all or any part of their equity interest, assets and business in Qichen Technology at any time, as permitted under applicable PRC laws or in accordance with conditions prescribed in the Exclusive Option Agreement. The consideration to exercise the option under the Exclusive Option Agreement is RMB10 million, and Chenqi Mobility shall pre-pay the consideration to Registered Shareholders within six months from the signing of the Exclusive Option Agreement.

In March 2019, each of Ms. Sun Yanhong, Zhujiang Investment and Nanjing Wangdian has contributed an aggregate amount of RMB10 million to the registered capital of Qichen Technology, which should have been contributed by Chenqi Mobility. Therefore, under the Exclusive Option Agreement, Chenqi Mobility agreed to pre-pay the RMB10 million as the consideration for the exercise of the purchase option to the Registered Shareholders; and the Registered Shareholders agreed that Chenqi Mobility is not required to pay any further consideration to each of the Registered Shareholders. The prepayment of RMB10 million has been paid by Chenqi Mobility to the Registered Shareholders on September 12, 2019. Further, the Registered Shareholders have undertaken to return to Chenqi Mobility consideration they receive in excess of RMB10 million within one month after Chenqi Mobility exercises the option under the Exclusive Option Agreement.

The Registered Shareholders, among other things, have covenanted that:

- (a) without the prior written consent of Chenqi Mobility, they shall not in any manner supplement, change or amend the constitutional document of Qichen Technology, increase or decrease its registered capital, or change the structure of its registered capital in any other manner;
- (b) without the prior written consent of Chenqi Mobility, they shall not, at any time following the date when the Exclusive Option Agreement came into effect, sell, transfer, pledge or dispose of in any manner any material assets, business, legitimate or beneficial interest in the income of Qichen Technology, or permit the creation of any other security interest thereon;
- (c) without the prior written consent of Chenqi Mobility, Qichen Technology shall not incur, inherit, guarantee or allow any debt to exist, except for payables incurred in the normal or ordinary course of business not generated from loans;
- (d) without the prior written consent of Chenqi Mobility, Qichen Technology shall not merge, consolidate with, acquire or invest in any third party; and
- (e) unless otherwise mandatorily required by PRC laws, Qichen Technology shall not be dissolved or liquidated without the prior written consent of Chenqi Mobility.

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The Registered Shareholders, among other things, have further covenanted that:

- (a) they have irrevocably and exclusively granted the option to purchase all or part of the shares of Qichen Technology owned by each of the Registered Shareholder at the time (the “**Option**”) to Chenqi Mobility and will not in any other manner grant the Option or other similar rights to any party other than Chenqi Mobility or its designated third party;
- (b) they have received full consideration and compensation from Chenqi Mobility as prescribed under the Exclusive Option Agreement. If the consideration received by the Registered Shareholders from Chenqi Mobility or its designated third party exceeds the exercise price agreed in the Exclusive Option Agreement as a result of the exercise of the Option, they shall immediately gift or transfer such excess amount to Chenqi Mobility or its designated third party at nil consideration and ensure that such gift or transfer shall not incur any obligations to the Registered Shareholders, their creditors, Qichen Technology and its creditors;
- (c) without the prior written consent of Chenqi Mobility, they shall not sell, transfer, pledge or dispose of in any manner any legitimate or beneficial interest of the equity interest of Qichen Technology held by them, or allow any security interest to be placed on it, except for the pledge or interest to be placed pursuant to the Equity Interest Pledge Agreement (as defined below);
- (d) without Chenqi Mobility’s prior written consent, the Registered Shareholders shall not procure the shareholders and/or the board of directors, or executive directors, as the case may be, of Qichen Technology to approve to sell, transfer, pledge or dispose of in any other manner any legitimate or beneficial interest of the equity interest of Qichen Technology held by the Registered Shareholders or to allow any other security interest to be placed on Qichen Technology, except for the pledge or interest to be placed pursuant to the Equity Interest Pledge Agreement (as defined below);
- (e) without Chenqi Mobility’s prior written consent, the Registered Shareholders shall not procure the shareholders and/or the board of directors, or executive directors, as the case may be, of Qichen Technology to approve Qichen Technology to merge, consolidate with, acquire or invest in any third party;
- (f) they shall immediately notify Chenqi Mobility of the occurrence or possible occurrence of any litigation, arbitration or administrative proceedings relating to Qichen Technology’s equity interest held by them;
- (g) they shall execute all necessary or appropriate documents to maintain the ownership of their equity interest in Qichen Technology, take all necessary or appropriate actions and file all necessary or appropriate complaints or raise necessary or appropriate defenses against all claims;

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- (h) they waive all of their rights of first refusal relating to the transfer of their equity interest in Qichen Technology to Chenqi Mobility (if any), give consent to the execution of the Contractual Arrangements entered into by the other Registered Shareholders, Chenqi Mobility and Qichen Technology, and undertake that they will not take any action in conflict with such documents executed by other Registered Shareholders; and
- (i) the provisions of the Exclusive Option Agreement shall continue to be legally binding on the successors of the Registered Shareholders or any other successors of the Registered Shareholders notwithstanding any future change in the Registered Shareholders and their proportionate shareholding in Qichen Technology for any agreed or statutory reason (including, but not limited to, bankruptcy, divorce, death, etc.) as if such persons were parties to the Exclusive Option Agreement.

The Exclusive Option Agreement took effect on July 10, 2019 and shall remain effective until all of Qichen Technology's equity interests or assets have been transferred to Chenqi Mobility or its designated person(s) unless Chenqi Mobility terminates the Exclusive Option Agreement in advance.

Shareholder Rights Entrustment Agreement

The Registered Shareholders have executed a shareholder rights entrustment agreement dated July 10, 2019 and as amended on August 11, 2023 (the “**Shareholder Rights Entrustment Agreement**”). Under the Shareholder Rights Entrustment Agreement, the Registered Shareholders irrevocably appointed Chenqi Mobility and its designated person(s) (including, but not limited to, the parent companies of Chenqi Mobility, the directors and successors of the parent companies of Chenqi Mobility (including our Directors), and the liquidators replacing such directors, but excluding any person who may give rise to conflicts of interest) as their attorneys-in-fact to exercise on their behalf any and all rights that they have as the shareholders of Qichen Technology, including, among others:

- (a) to attend shareholders' meetings of Qichen Technology;
- (b) to exercise shareholders' voting rights on all matters requiring discussion and resolution at general meetings, including, but not limited to, appointing or electing senior managers, including directors, supervisors, general manager, deputy general manager, chief financial officer, etc., resolving to dissolve Qichen Technology and to distribute the remaining assets of Qichen Technology;
- (c) to propose to convene extraordinary shareholders' meetings;
- (d) to execute any and all shareholder meeting minutes, resolutions and other legal documents;

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- (e) to exercise any other shareholders' rights and shareholders' voting rights as prescribed in the constitutional document of Qichen Technology in its present form or as amended from time to time;
- (f) to handle procedures of registration of Qichen Technology or registration of changes at the industrial and commercial administrative department or any other department in charge of company registration and to execute relevant legal documents;
- (g) to decide to sell, transfer, pledge or dispose of the shares held by the Registered Shareholders in any other form;
- (h) to receive any dividends or any other income or interests or any proceeds of liquidation (in whatever specific form) the Registered Shareholders receive as the shareholders of Qichen Technology; and
- (i) other rights of shareholders as provided for in other applicable PRC laws and regulations and the articles of association of Qichen Technology (as amended from time to time).

The Shareholder Rights Entrustment Agreement took effect on July 10, 2019 and shall remain effective for the entire operating period of Qichen Technology and for such period as may be renewed in accordance with the laws of the PRC. The Shareholder Rights Entrustment Agreement shall automatically terminate when Chenqi Mobility has fully exercised its rights as prescribed in the Exclusive Option Agreement to purchase all of Qichen Technology's assets or equity interests.

Equity Interest Pledge Agreement

Chenqi Mobility, Qichen Technology and the Registered Shareholders entered into the equity interest pledge agreement dated July 10, 2019 as amended on August 11, 2023 (the "**Equity Interest Pledge Agreement**"), pursuant to which the Registered Shareholders agreed to pledge all of their respective equity interests in Qichen Technology that they own as a security interest to guarantee the performance of their obligations under the Contractual Arrangements and the payment of all of the indebtedness under the Contractual Arrangements (the "**Secured Indebtedness**").

The Equity Interest Pledge Agreement took effect on July 10, 2019 and the pledges under the Equity Interest Pledge Agreement were registered on July 24, 2019. The pledges under the Equity Interest Pledge Agreement shall remain effective until all the contractual obligations under the Contractual Arrangements have been fulfilled, expired or terminated and Qichen Technology and the Registered Shareholders have performed all of their obligations under the Contractual Arrangements, whichever is later (the "**Pledge Period**"). During the Pledge Period, Chenqi Mobility is entitled to receive any dividends or other distributable benefits arising from the pledged equity interests in Qichen Technology.

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Upon the occurrence of an event of default as stipulated in the Equity Pledge Agreement and the Registered Shareholders or Qichen Technology have not rectified such event of default or have not taken any necessary remedial actions within 10 days after Chenqi Mobility delivers a notice of default to the Registered Shareholders, Chenqi Mobility shall have the right to exercise all such rights as a secured party under the Equity Interest Pledge Agreement and any applicable PRC laws, including, without limitation, being paid in priority with the pledged equity interests based on the monetary valuation that the pledged equity interest is converted into or from the proceeds from auction or sale of the pledged equity interest. Chenqi Mobility shall not be liable for any loss arising from the reasonable exercise of such rights and powers.

Spouse undertaking

The spouse of the Individual Registered Shareholder has signed an undertaking to the effect that (i) the shares of Qichen Technology held by the Individual Registered Shareholder and any other interests therefrom do not fall within the scope of communal properties; (ii) the spouse waives any rights or interests that may be granted to him in respect of equity interests in or assets of Qichen Technology, and the spouse undertakes not to claim such rights or interests; (iii) no authorization or consent of him is required for the performance, modification or termination of the Contractual Arrangements or execution of other documents in place of any agreements under the Contractual Arrangements; (iv) the spouse will execute all necessary documents and take all necessary actions to ensure the appropriate performance of the Contractual Arrangements; (v) the spouse will be bound by the Contractual Arrangements and will perform the obligations as the Individual Registered Shareholder thereunder if the spouse, for any reason, acquires any equity interest in Qichen Technology, and will enter into relevant written documents in the same form and substance as the Contractual Arrangements.

Other key terms under the Contractual Arrangements

Dispute Resolution

Each of the agreements under our Contractual Arrangements contains a dispute resolution provision. Pursuant to such provision, in the event of any dispute arising from the performance of or relating to the Contractual Arrangements and the parties under the relevant agreement are unable to agree on the settlement of the relevant dispute within 30 days of such dispute arising, the relevant dispute shall be submitted to the Guangzhou Arbitration Commission for arbitration, in accordance with the then-effective arbitration rules. The seat of arbitration shall be in Guangzhou and the language of the arbitration shall be Chinese. The arbitration award shall be final and binding on the parties to the relevant agreement under the Contractual Arrangements.

The dispute resolution provision under each of our Contractual Arrangements also provides that to the extent permitted by PRC law: (i) the arbitral tribunal may award remedies over the equity interests, assets, property interests, land assets or the actual performance of contractual obligations of Qichen Technology and its subsidiaries or injunctive relief (including, but not limited to, measures to effect the conduct of business or compulsory transfer

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of assets) or order the winding up of Qichen Technology and its subsidiaries; (ii) a court of competent jurisdiction may grant interim relief to a party when requested during the time of waiting for the formation of the arbitral tribunal or under other appropriate circumstances permitted by law for the purpose of preserving the assets and property or enforcement measures; and (iii) the courts of Hong Kong, the Cayman Islands (being the place of incorporation of our Company), places of incorporation of our Consolidated Affiliated Entities, and places where the principal assets of our Consolidated Affiliated Entities are located also have jurisdiction over the foregoing matters.

In connection with the dispute resolution method as set out in the Contractual Arrangements and the practical consequences, we are advised by our PRC Legal Advisor that:

- (a) under PRC laws, an arbitral body does not have the power to grant any injunctive relief or provisional or final liquidation order for the purpose of protecting assets of or equity interest in our Consolidated Affiliated Entities in case of disputes. As such, these remedies may not be available to our Group under PRC laws;
- (b) under the PRC laws, courts or judicial authorities in the PRC generally would not award remedies over the shares and/or assets of our Consolidated Affiliated Entities, injunctive relief or winding-up of our Consolidated Affiliated Entities as interim remedies, before there is any final outcome of arbitration;
- (c) however, the PRC laws do not disallow the arbitral body to give award of transfer of assets of or an equity interest in our Consolidated Affiliated Entities at the request of the arbitration applicant. In the event of non-compliance with such award, enforcement measures may be sought from the court. However, the court may or may not support such award of the arbitral body when deciding whether to take enforcement measures;
- (d) interim remedies or enforcement orders granted by overseas courts such as Hong Kong and the Cayman Islands may not be recognizable or enforceable in the PRC; therefore, in the event that we are unable to enforce the Contractual Arrangements, we may not be able to exert effective control over our Consolidated Affiliated Entities, and our ability to conduct our business may be negatively affected; and
- (e) even if the aforementioned provisions may not be enforceable under PRC laws, the remaining provisions of the dispute resolution clauses are legal, valid and binding on the parties to the agreement under the Contractual Arrangements.

As a result of the above, in the event that our Consolidated Affiliated Entities or the Registered Shareholders breach any of the Contractual Arrangements, we may not be able to obtain sufficient remedies in a timely manner, and our ability to exert effective control over our Consolidated Affiliated Entities and conduct our business could be materially and adversely affected. See “Risk Factors – Risks Relating to Our Corporate Structure” for further details.

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Loss sharing

Under the relevant PRC laws and regulations, none of our Company and Chenqi Mobility is legally required to share the losses of, or provide financial support to, our Consolidated Affiliated Entities. Further, Qichen Technology is a limited liability company and shall be solely liable for its own debts and losses with assets and properties owned by it. Chenqi Mobility intends to continuously provide to or assist our Consolidated Affiliated Entities in obtaining financial support when deemed necessary. In addition, given that our Group conducts a substantial portion of its business operations in the PRC through our Consolidated Affiliated Entities, which hold the requisite PRC operational licenses and approvals, and that its financial position and results of operations are consolidated into our Group's financial statements under the applicable accounting principles, our Company's business, financial position and results of operations would be adversely affected if our Consolidated Affiliated Entities suffer losses.

However, as provided in the Exclusive Option Agreements, without the prior written consent of Chenqi Mobility, Qichen Technology shall not: (i) supplement, alter or amend its constitutional documents, increase or reduce its registered capital or otherwise alter its registered capital structure; (ii) sell, assign, mortgage or otherwise transfer any of its material assets, business or legal or beneficial interest in income, or permit any other security interest to be created therein; (iii) incur, inherit, guarantee or allow any debt to exist, except for payables incurred in the normal or ordinary course of business not generated from loans; (iv) merge, consolidate with, acquire or invest in any third party; and (v) be dissolved or liquidated.

Therefore, due to the relevant restrictive provisions in the Contractual Arrangements, the potential adverse effect on Chenqi Mobility and our Company in the event of any loss suffered from our Consolidated Affiliated Entities can be limited to a certain extent.

Conflict of interests

The Registered Shareholders have given their irrevocable undertakings in the Shareholder Rights Entrustment Agreement which address potential conflicts of interest that may arise in connection with the Contractual Arrangements. For further details, see the sub-paragraph headed “— Shareholder Rights Entrustment Agreement” above.

Succession

The provisions set out in the Contractual Arrangements are also binding on the successors of the Registered Shareholders, as if the successors were signing parties to the Contractual Arrangements and any breach by the successors would be deemed to be a breach of the Contractual Arrangements. Under the Civil Code of the PRC (《中華人民共和國民法典》), the statutory successors include the spouse, children, parents, brothers, sisters, paternal grandparents and the maternal grandparents. In the event of a breach, Chenqi Mobility can enforce its rights against the successors. Pursuant to the Contractual Arrangements, the Contractual Arrangements shall be binding on the legal successors and assignees of the Registered Shareholders.

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Liquidation

Pursuant to the Equity Interest Pledge Agreement, in the event of a mandatory liquidation required by the PRC laws upon the request of Qichen Technology, the Registered Shareholders shall transfer the proceeds they received from liquidation to the account designated by Chenqi Mobility under the management of Chenqi Mobility, or give such proceeds as a gift to Chenqi Mobility or the party/parties designated by Chenqi Mobility to the extent permitted by the PRC laws.

Insurance

There are certain risks involved in our operations, in particular, those relating to our corporate structure and Contractual Arrangements. See “Risk Factors – Risks Relating to Our Corporate Structure” for further details. We have determined that the costs of insurance for the risks associated with business liability or disruption and the difficulties associated with acquiring such insurance on commercially reasonable terms make it impractical for us to have such insurance. Accordingly, as of the Latest Practicable Date, our Company had not purchased any insurance to cover the risks relating to our Contractual Arrangements.

Protection in the event of death, divorce, bankruptcy, winding up or liquidation of the Registered Shareholders

Pursuant to the Contractual Arrangements, the Registered Shareholders have undertaken that the Contractual Arrangements shall continue to be legally binding on the Registered Shareholders’ heirs or any other successors of the Registered Shareholders, regardless of any changes in the Registered Shareholders and in their respective shareholding percentages in Qichen Technology in the future due to any contractual or statutory reasons, including but not limited to liquidation, insolvency, divorce and death. The provisions of the Business Operation Agreement shall be applicable to such heirs or successors who hold the shares of Qichen Technology at that time as if they were the signatories to the Business Operation Agreement. Further, the Registered Shareholders have pledged all of their respective equity interests in Qichen Technology that they own as a security interest to guarantee the performance of their obligations under the Contractual Arrangements pursuant to the Equity Interest Pledge Agreement, which effectively mitigates the risk of leakage of assets and economic benefits of the Consolidated Affiliated Entities to the Registered Shareholders.

Our confirmation

Our Directors confirm that, as of the Latest Practicable Date, we had not encountered any interference or encumbrance from any PRC governing bodies in operating our businesses through our Consolidated Affiliated Entities under the Contractual Arrangements.

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LEGALITY OF THE CONTRACTUAL ARRANGEMENTS

Based on the above and the advice of our PRC Legal Advisor in relation to the PRC regulatory regime with respect to the Contractual Arrangements mentioned in this Prospectus, we believe that the Contractual Arrangements are designed to achieve our business purpose and minimize the potential conflict with relevant PRC laws and regulations. Our PRC Legal Advisor has advised that upon the execution of the Contractual Arrangements:

- (a) each of Chenqi Mobility and Qichen Technology is a duly incorporated and validly existing company and their respective establishment is valid, effective and complies with the relevant PRC laws;
- (b) each of the parties to each of the agreements under the Contractual Arrangements has obtained all necessary approvals and authorizations to execute the agreements under the Contractual Arrangements and perform their respective obligations thereunder;
- (c) each of the agreements under the Contractual Arrangements is binding on the parties thereto and none of them is void or may become invalid pursuant to the Civil Code of the PRC (《中華人民共和國民法典》);
- (d) none of the Contractual Arrangements violates any provisions of the articles of association of Qichen Technology or Chenqi Mobility;
- (e) the parties to each of the Contractual Arrangements are not required to obtain any approvals or authorizations from the PRC governmental authorities, except that:
 - a. the exercise of the option by Chenqi Mobility or its designee of its rights under the Exclusive Option Agreement to acquire all or part of the equity interests in Qichen Technology is subject to the approvals of, consent of, filing with and/or registrations with the PRC governmental authorities;
 - b. the equity pledges contemplated under the Equity Interest Pledge Agreement are subject to their registration with the relevant state or local administration bureau for market regulation; and
 - c. the arbitration awards/interim remedies provided under the dispute resolution provision of our Contractual Arrangements shall be recognized by the PRC courts before compulsory enforcement; and
- (f) the Contractual Arrangement as a whole and each of the Contractual Arrangements is valid, legal and binding under PRC laws except that the Contractual Arrangements provide that the arbitral body may award remedies over the shares and/or assets of Qichen Technology, injunctive relief and/or winding up of Qichen Technology, and that courts of competent jurisdiction are empowered to grant interim remedies in

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support of the arbitration pending the formation of an arbitral tribunal. However, our PRC Legal Advisor has advised that the interim remedies or enforcement order granted by overseas courts such as those of Hong Kong and the Cayman Islands may not be recognizable or enforceable in the PRC. For further details, see “— Other key terms under the Contractual Arrangements – Dispute Resolution.”

However, we have been advised by our PRC Legal Advisor that we may face uncertainties regarding the interpretation and application of the Foreign Investment Law and its implementation regulations, as well as other current and future PRC laws and regulations in relation to the Contractual Arrangements. Accordingly, there can be no assurance that the PRC regulatory authorities will not in the future take a view that is contrary to or otherwise different from the above opinion of our PRC Legal Advisor.

Based on the above analysis and advice from our PRC Legal Advisor, the Directors are of the view that the adoption of the Contractual Arrangements is unlikely to be deemed ineffective or invalid under the applicable PRC laws and regulations. For further details, see the section headed “Risk Factors – Risks relating to our Corporate Structure” and “Risk Factors – Risks relating to Doing Business in China” of this Prospectus.

ACCOUNTING ASPECTS OF THE CONTRACTUAL ARRANGEMENTS

Consolidation of financial results of Consolidated Affiliated Entities

According to IFRS 10 – Consolidated Financial Statements, a subsidiary is an entity that is controlled by another entity (known as the parent). An investor controls an investee when it is exposed, or has rights to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Although our Company does not directly or indirectly own the Consolidated Affiliated Entities, the Contractual Arrangements as disclosed above enable our Company to exercise control over the Consolidated Affiliated Entities.

Under the Exclusive Technical Consultancy Agreement, it was agreed that, in consideration of the services provided by Chenqi Mobility, Qichen Technology will pay the Service Fees to Chenqi Mobility. To the extent permitted under applicable PRC laws, the annual Service Fee payable by Qichen Technology to Chenqi Mobility shall be equivalent to the amount of the profit earned by Qichen Technology in the year, after deducting the amount of the necessary costs and expenses required for Qichen Technology’s business operations, taxes, and compensating for Qichen Technology’s losses in previous years (if required under applicable laws) and withdrawal of statutory reserves (if required under applicable laws). Chenqi Mobility may adjust the service fees at its discretion, subject to applicable rules and regulations, and allow Qichen Technology to retain sufficient working capital to carry out any growth plans. Chenqi Mobility also has the right to periodically receive or inspect the accounts of Qichen Technology. Accordingly, Chenqi Mobility has the ability, at its sole discretion, to extract substantially all of the economic benefit of Qichen Technology through the Exclusive Technical Consultancy Agreement.

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In addition, under the Shareholder Rights Entrustment Agreement, Chenqi Mobility has absolute contractual control over the distribution of dividends or any other amounts to the equity holders of Qichen Technology as Chenqi Mobility is the attorney-in-fact, for and on behalf of the Registered Shareholders, to exercise relevant voting rights. Further, under the Equity Interest Pledge Agreement, Chenqi Mobility is entitled to receive any profit distribution or other distributable benefits arising from the pledged equity interests in Qichen Technology. Under the Business Operation Agreement, the Registered Shareholders agreed to transfer any dividends or any other income or interests they receive as the shareholders of Qichen Technology immediately and unconditionally to Chenqi Mobility or the third party designated by Chenqi Mobility.

As a result of these Contractual Arrangements, our Company exercises control over our Consolidated Affiliated Entities and can receive substantially all of its economic benefits and residual returns. Accordingly, our Consolidated Affiliated Entities are accounted for as subsidiaries of our Company and their results of operations, assets and liabilities and cash flows are consolidated into our Group's financial statements. The basis of consolidating the results of our Consolidated Affiliated Entities is disclosed in note 2(c) to the Accountants' Report in Appendix I to this Prospectus.

OUR DIRECTORS' VIEW

Based on the above, our Directors are of the view that the Contractual Arrangements are narrowly tailored, as they are used to enable our Group to conduct business in industries that are subject to foreign investment restrictions in the PRC and minimize the potential conflict with relevant PRC laws and regulations to the maximum extent. Our Directors further believe that the Contractual Arrangements are fair and reasonable, taking into account (i) the Contractual Arrangements are negotiated on an arm's-length basis and entered into between Chenqi Mobility, Qichen Technology and the Registered Shareholders; (ii) by entering into the Exclusive Technical Consultancy Service Agreement with Chenqi Mobility, which is a PRC subsidiary of our Company, our Consolidated Affiliated Entities will enjoy better economic and technical support from us, as well as a better market reputation after the Listing; and (iii) a number of other companies use similar contractual arrangements to achieve the same purpose.

DEVELOPMENT IN THE PRC LEGISLATION ON FOREIGN INVESTMENT

The Foreign Investment Law

On March 15, 2019, the National People's Congress approved the Foreign Investment Law (《外商投資法》) (the “**Foreign Investment Law**”) which became effective on January 1, 2020. The Foreign Investment Law replaced the Sino-Foreign Equity Joint Venture Enterprise Law (《中外合資經營企業法》), the Sino-Foreign Cooperative Joint Ventures Enterprise Law (《中外合作經營企業法》) and the Wholly Foreign-Invested Enterprises Law (《外資企業法》) to become the legal foundation for foreign investment in the PRC. It is formulated to further expand opening-up, vigorously promote foreign investment and protect the legitimate interests and rights of foreign investors. According to the Foreign Investment

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Law, China adopts a system of national treatment together with the Negative List with respect to foreign investment administration, and the Negative List will be issued by, amended or released upon approval by the State Council, from time to time. The Negative List sets out the industries in which foreign investments are prohibited or restricted. Foreign investors would not be allowed to make investments in prohibited industries, while foreign investment must satisfy certain conditions stipulated in the Negative List for investment in restricted industries. Foreign investment and domestic investment in industries outside the scope of the Negative List shall be treated equally. On December 26, 2019, the State Council promulgated the Regulations on the Implementation of the Foreign Investment Law (《中華人民共和國外商投資法實施條例》) (the “**Implementation Regulations**”), which came into effect on January 1, 2020.

As advised by our PRC Legal Advisor, the Foreign Investment Law stipulates certain forms of foreign investment, but does not explicitly stipulate contractual arrangements as a form of foreign investment, and the Implementation Regulations are also silent on whether foreign investment includes contractual arrangements.

Impact and consequences of the Foreign Investment Law

Conducting operations through contractual arrangements has been adopted by many PRC-based companies, including our Group. We use the Contractual Arrangements to establish control of our Consolidated Affiliated Entities by Chenqi Mobility, through which we operate our business in the PRC.

As advised by our PRC Legal Advisor, since contractual arrangements are not explicitly specified as a form of foreign investment under the Foreign Investment Law and if future laws, regulations and provisions prescribed by the State Council do not incorporate contractual arrangements as a form of foreign investment, the Contractual Arrangements as a whole and each of the agreements comprising the Contractual Arrangements will not be affected and will continue to be legal, valid and binding on the parties, except that the Foreign Investment Law stipulates that foreign investment includes “foreign investors invest in China through any other methods under laws, administrative regulations or provisions prescribed by the State Council” without elaboration on the meaning of “other methods”. There are possibilities that future laws, administrative regulations or provisions prescribed by the State Council may regard contractual arrangements as a form of foreign investment, at which time it will be uncertain whether the Contractual Arrangements will be deemed to be in violation of the foreign investment access requirements and how the above-mentioned Contractual Arrangements will be handled. Therefore, there is no guarantee that the Contractual Arrangements will not be materially and adversely affected in the future due to changes in PRC laws and regulations. For further details, see “— Legality of the Contractual Arrangements” above.

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COMPLIANCE WITH THE CONTRACTUAL ARRANGEMENTS

Our Group has adopted the following measures to ensure the effective operation of our Group with the implementation of the Contractual Arrangements and our compliance with the Contractual Arrangements:

- (1) major issues arising from the implementation of and compliance with the Contractual Arrangements or any regulatory inquiries from government authorities will be submitted to our Board, if necessary, for review and discussion on an occurrence basis;
- (2) our Board will review the overall performance of, and compliance with, the Contractual Arrangements at least once a year;
- (3) our Company will disclose the overall performance and compliance with the Contractual Arrangements in our annual reports;
- (4) our Company will engage external legal advisors or other professional advisors, if necessary, to assist the Board with reviewing the implementation of the Contractual Arrangements and reviewing the legal compliance of Chenqi Mobility and Consolidated Affiliated Entities in dealing with specific issues or matters arising from the Contractual Arrangements; and
- (5) the company seals of Qichen Technology shall be safely kept at a place where only designated key employees of the Company can have access, whilst the Registered Shareholders shall have no right to use such seals.

CONNECTED TRANSACTIONS

Upon Listing, transactions between members of our Group and our connected persons will constitute continuing connected transactions of our Company under Chapter 14A of the Listing Rules.

OUR CONNECTED PERSONS

We have entered into certain transactions with the following connected persons, which will constitute our continuing connected transactions upon Listing:

GAIG and its associates:

Connected Relationship	Name
Controlling Shareholder	GAIG and its associates

Represented Tencent Group:

Connected Relationship	Name
Close associates of Tencent Mobility, our substantial Shareholder	Represented Tencent Group

SUMMARY OF OUR CONTINUING CONNECTED TRANSACTIONS

Continuing connected transactions	Historical amounts <i>(RMB in thousands)</i>	Proposed annual cap <i>(RMB in thousands)</i>
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Fully Exempt Continuing Connected Transaction

Continuing Connected Transactions with the Represented Tencent Group:

1. Tencent Employee Ride-Hailing Cooperation Agreement

Service fees paid/payable by the Represented Tencent Group to us	for the year ended December 31,	for the year ending December 31,
	2021: 196	2024: 2,200
	2022: –	2025: 2,350
	2023: 644	2026: 2,500

Non-exempt Continuing Connected Transactions

Continuing Connected Transactions with GAIG and/or its associates:

1. Products and Services Purchase and Provision Framework Agreement

Provision of Products and Services

Transaction amount paid/payable by GAIG and/or its associates to us	for the year ended December 31,	for the year ending December 31,
	2021: 1,887	2024: 145,000
	2022: 16,076	2025: 145,000
	2023: 110,856	2026: 145,000

CONNECTED TRANSACTIONS

Continuing connected transactions	Historical amounts <i>(RMB in thousands)</i>	Proposed annual cap <i>(RMB in thousands)</i>
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Purchase of Products and Services

Transaction amount paid/payable by us to GAIG and/or its associates	for the year ended December 31, 2021: 11,094 2022: 48,898 2023: 240,091	for the year ending December 31, 2024: 430,000 2025: 500,000 2026: 590,000
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Continuing Connected Transactions with the Represented Tencent Group:

2. Cloud and Map Services and Technical Services Framework Agreement

Service fees paid/payable by us to the Represented Tencent Group	for the year ended December 31, 2021: 15,834 2022: 30,757 2023: 37,282	for the year ending December 31, 2024: 61,000 2025: 71,000 2026: 77,000
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3. Weixin Services Framework Agreement

Service fees paid/payable by us to the Represented Tencent Group	for the year ended December 31, 2021: 5,682 2022: 6,118 2023: 7,636	for the year ending December 31, 2024: 15,000 2025: 18,000 2026: 22,000
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4. Marketing Promotion Services Framework Agreement

Service fees paid/payable by us to the Represented Tencent Group	for the year ended December 31, 2021: – 2022: 51 2023: 13,297	for the year ending December 31, 2024: 21,000 2025: 27,000 2026: 34,000
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Contractual Arrangements

5. Contractual Arrangements	N/A	N/A
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CONNECTED TRANSACTIONS

FULLY EXEMPT CONTINUING CONNECTED TRANSACTION

1. Tencent Employee Ride-Hailing Cooperation Agreement

Parties

Qichen Technology; and

Tencent Technology (Shenzhen) Company Limited (“**Tencent Technology**”)

Principal terms

On February 20, 2023, Qichen Technology and Tencent Technology entered into the Tencent Employee Ride-Hailing Cooperation Agreement (the “**Tencent Ride-Hailing Agreement**”), pursuant to which Qichen Technology agreed to provide our enterprise solutions for ride-hailing services to Tencent Technology and its affiliates. Fees will be paid by Tencent Technology to Qichen Technology.

The initial term of the Tencent Ride-Hailing Agreement commenced on January 1, 2023 and will end on December 31, 2025, subject to renewal upon the mutual agreement of both parties thereto.

Reasons for the transaction

We offer our enterprise solutions to address business use-cases and provide enterprise customers with premium benefits. With our strong network in Guangdong Province where Tencent is headquartered, Tencent selected us as their enterprise ride-hailing service provider.

Historical amounts and expected future transaction amounts

We provided our enterprise solutions for ride-hailing services to Tencent Technology and its affiliates only in certain months during 2021, and suspended the service in 2022. Starting from August 2023, we resumed the service and recorded transaction amount of RMB644.24 thousand for a period of more than four months in 2023. For the years ending December 31, 2024, 2025 and 2026, we expect to receive fees of RMB2,200 thousand, RMB2,350 thousand and RMB2,500 thousand from Tencent Technology, respectively. The estimated transaction amount for the years ending December 31, 2024, 2025 and 2026 was determined based on the average transaction amount per order since September 2023 and an expected 5% increase of the order volume each year over the average order volume since September 2023. Such expected increase in order volume is determined based on the expected higher frequency in the use of our ride-hailing services by Tencent Technology and its affiliates due to the continued improvement in our services to their employees.

CONNECTED TRANSACTIONS

Listing Rules implications

In respect of the transactions under the Tencent Ride-Hailing Agreement, as the highest applicable percentage ratio for each of the years ending December 31, 2026 calculated based on the expected future transaction amounts for the purpose of Chapter 14A of the Listing Rules is expected to exceed 0.1% but be less than 5%, and the total consideration thereunder is less than HK\$3,000,000, such transactions will, upon Listing, be fully exempted from the reporting, annual review, announcement, and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

NON-EXEMPT CONTINUING CONNECTED TRANSACTIONS

We have conducted the following transactions in the ordinary and usual course of our business, which will, upon Listing, constitute continuing connected transactions of the Company subject to the annual reporting, announcement and independent Shareholders' approval (as the case may be) requirements under Chapter 14A of the Listing Rules (the "Non-exempt Continuing Connected Transactions").

1. Products and Services Purchase and Provision Framework Agreement

Parties

Our Company; and

GAIG

Principal terms

On June 26, 2024, our Company (for itself and on behalf of other members of our Group) entered into a products and services purchase and provision framework agreement with GAIG (the "Products and Services Purchase and Provision Framework Agreement"), pursuant to which (i) our Company will provide various types of products and services to GAIG and/or its associates; and (ii) GAIG and/or its associates will provide a wide spectrum of products and services to us.

The initial term of the Products and Services Purchase and Provision Framework Agreement will commence on the Listing Date and end on December 31, 2026, subject to renewal upon the mutual agreement of both parties and in compliance with the Listing Rules.

Separate underlying agreements will be entered into which will set out the precise scope of products and services, service fee calculations, method of payment and other details of the products and services arrangement in the manner provided in the Products and Services Purchase and Provision Framework Agreement.

CONNECTED TRANSACTIONS

Provision of Products and Services by Our Group

Pursuant to the Products and Services Purchase and Provision Framework Agreement, our Company will provide various types of products and services to GAIG and/or its associates, including, but not limited to, our enterprise solutions for ride-hailing service, ride-hailing car-related material sales (including our uniforms, tissue boxes, etc., which will be ultimately used in cars managed by associates of GAIG that are our car partners), technology services (i.e. autonomous driving data solutions and smart transportation solutions), auto services and products offered through OnTime auto service center (including sales of vehicles, vehicle maintenance and repair), referral service, etc. Fees will be paid to the Company by GAIG and/or its associates in respect of the provision of such products and services.

Reasons for the transaction

Our Directors consider that the provision of products and services to GAIG and/or its associates would benefit our Company for the following reasons:

- according to Frost & Sullivan, the collaboration between the mobility platform and the OEMs is a mutually beneficial relationship. The OEMs provide customized vehicles and technical support, enabling the platform to deliver high-quality services. In return, the platform offers market expansion opportunities, and valuable market insights for the OEMs' product development, including but not limited to Robotaxi initiatives. This partnership drives business growth and industry development. Since the mobility business of our Company and automobile business of GAIG and its associates are inextricably linked together in multiple aspects, our Company's business and those of GAIG and its associates are highly complementary and beneficial to each other; considering GAIG's leading position in the research and development, manufacturing and sales of automobile, it is natural and in the best interests of the Company to cooperate with GAIG. In our case, associates of GAIG, as the OEMs, provide AION branded new energy vehicles and GAC-Honda branded vehicles to be used by car partners on our platform, which enables them to deliver high-quality services. On the other hand, use of vehicles manufactured by associates of GAIG provides the OEMs with market expansion opportunities for those OEM's products. Furthermore, our provision of Robotaxi service under mobility services and provision of technology services also provides valuable market insights for the OEMs' product development;
- in particular, in respect of our enterprise solutions for ride-hailing services, leveraging the large user base and reliable and trustworthy reputation of GAIG, the provision of such services to GAIG and/or its associates may further increase our user base and promote our brand and services to a wider range of customers;
- in respect of ride-hailing car-related material sales, we encourage cars in our network to use uniform materials and as our car partners, associates of GAIG need to purchase such materials from us and use them in their managed cars;

CONNECTED TRANSACTIONS

- in respect of technology service, our data assets, combined with our market insights as an experienced market leader in China's mobility service market, support our expansion into autonomous driving data solutions and smart transportation solutions which GAIG and its associates need for their business development;
- we aim to build a one-stop standardized automobile service platform, OnTime auto service center, and create an industry network encompassing driver services, after-sales services, and other ancillary services in extended scenarios. We offer sales of vehicles and vehicle maintenance and repair through our OnTime auto service centers to car partners that are associates of GAIG;
- in respect of referral services, we refer drivers to car partners which are associates of GAIG and potential car buyers to authorized dealers which are associates of GAIG; and
- as both parties enjoy respective advantages in different business fields, our collaboration may bring synergy into full play and share development achievements.

Pricing policies

The fees payable by GAIG and its associates to us under the Products and Services Purchase and Provision Framework Agreement shall be determined on arm's length basis and with reference to the following:

- in respect of our enterprise solutions for ride-hailing service, the fee charged by us will be determined based on arm's-length negotiations taking into account the volume of service requested by GAIG and its associates as a whole, the business scale of GAIG and its associates, and the market price for our enterprise solutions, shall be no less than that charged to independent third-party customers with comparable transaction volumes;
- in respect of our sale of ride-hailing car-related materials, the Group shall adopt a consistent pricing policy for all customers including both GAIG and independent third parties;
- in respect of technology services, the fee charged by us will be determined based on arm's-length negotiations with reference to our manpower deployed, the nature of the service provided, the frequency of service, the expected transaction amount, the business potential of the service provided, etc.;
- in respect of auto services and products offered through OnTime auto service center, fee charged by us will be determined based on arm's-length negotiations with reference to market price charged by OEMs and shall be no less than that charged to independent third parties;

CONNECTED TRANSACTIONS

- in respect of referral services, the fee charged by us will be determined based on arm's-length negotiations with reference to market price for similar services, the nature of service, business potential of service, etc.; and
- for those products and services that our Group also provide to independent third parties, the Group shall compare the price offered by GAIG and/ or its associates and independent third parties with reference to market prices if available.

Historical amounts and proposed annual caps

The following table sets forth (a) the aggregate amounts of fees relating to products and services paid to us by GAIG and/or its associates during the Track Record Period; and (b) the proposed annual caps for the provision of products and services under the Products and Services Purchase and Provision Framework Agreement:

	Year ended December 31,		
	2021	2022	2023
	<i>(RMB in thousands)</i>		
Transaction amount paid by GAIG and/or its associates to us	1,887	16,076	110,856
	Year ending December 31,		
	2024	2025	2026
	<i>(RMB in thousands)</i>		
Transaction amount to be paid by GAIG and/or its associates to us	145,000	145,000	145,000

The substantial increase of transaction amount paid by GAIG and/or its associates to us for the year ended December 31, 2022 as compared with that for 2021 was primarily because we tapped into the fleet sale and maintenance in 2022 and started to provide vehicle maintenance and repair services and sales of vehicles through our OnTime auto service center to GAIG and/or its associates. The substantial increase of transaction amount paid by GAIG and/or its associates to us for the year ended December 31, 2023 as compared with that for 2022 was primarily due to the increase of sales of vehicles to associates of GAIG that are our car partners and technology service provided to GAIG and/or its associate.

CONNECTED TRANSACTIONS

Basis of caps

The above proposed annual caps for the transaction amount to be paid by GAIG and/or its associates to us in respect of the provision of products and services are determined based on historical transaction amounts with reference to our estimated growth of business in the next three years. The proposed annual caps for the three years ending December 31, 2026 are estimated based on our expected business growth with reference to the following specific considerations:

- the expected transaction amount in respect of enterprise solutions for ride-hailing service for the three years ending December 31, 2026 is estimated based on the historical transaction amount for the year ended December 31, 2023 with an expected 5% year-on-year increase, taking into consideration that more associates of GAIG purchase our enterprise solutions in the next three years;
- in respect of the sale of ride-hailing car-related materials, the expected transaction amount for the three years ending December 31, 2026 is estimated based on (i) our estimated new drivers and driver force of car partners that are associates of GAIG, which will procure our uniforms and tissue boxes; and (ii) two associates of GAIG became our car partners in 2023, which will continue to procure our related materials for drivers managed by them;
- in view of our developing capability in offering technology services, we expect to have more technology services to be provided to GAIG and/or its associates for the three years ending December 31, 2026;
- in respect of the provision of auto services and products, as of December 31, 2023, we received a few thousands tentative vehicle purchase orders from associates of GAIG that are our car partners to replace and upgrade their existing service fleets, which are expected to continue to be delivered to them in 2024. In 2025 and 2026, associates of GAIG will continue to procure vehicles and the expected transactions amount is estimated through our discussion with them, taking into account their business plans and the life cycle of vehicles used for ride-hailing services; and
- in respect of referral services, the expected transaction accounts for the three years ending December 31, 2026 are estimated based on demands of GAIG and/or its associates pursuant to discussions with them.

CONNECTED TRANSACTIONS

Purchase of Products and Services by Our Group

Pursuant to the Products and Services Purchase and Provision Framework Agreement, GAIG and/or its associates will provide a wide spectrum of products and services to us, including, but not limited to, franchise management services (which are provided by car partners that are associates of GAIG assisting us with managing car and drivers), sales of passenger vehicles (manufactured by associates of GAIG, including AION branded new energy vehicles and GAC-Honda branded vehicles), automobile components, vehicle maintenance and repair service and insurance service (in relation to insurance coverage over our operation of ride-hailing, hitch and Robotaxi services). We will, in return, pay products and service fees to GAIG and/or its associates.

Reasons for the transaction

Our Directors consider that purchasing products and services from GAIG and/or its associates would benefit the Company for the following reasons:

- according to Frost & Sullivan, the collaboration between the mobility platform and the OEMs is a mutually beneficial relationship. The OEMs provides customized vehicles and technical support, enabling the platform to deliver high-quality services. In return, the platform offers market expansion opportunities, and valuable market insights for the OEMs' product development, including but not limited to Robotaxi initiatives. This partnership drives business growth and industry development. Since the mobility business of our Company and automobile business of GAIG and its associates are inextricably linked together in multiple aspects, the Company's business and those of GAIG and its associates are highly complementary and beneficial to each other; considering GAIG's leading position in the research and development, manufacturing and sales of automobile, it is natural and in the best interests of the Company to cooperate with GAIG. In our case, associates of GAIG, as the OEMs, provide AION branded new energy vehicles and GAC-Honda branded vehicles to be used by car partners on our platform, which enables them to deliver high-quality services. On the other hand, the use of vehicles manufactured by associates of GAIG provides the OEMs with market expansion opportunities for those OEM's products. Furthermore, our provision of robotaxi service under mobility services and the provision of technology services also provides valuable market insights for the OEMs' product development;
- in particular, GAIG and/or its associates are specialized in vehicle maintenance and repair and can supplement our after-sales maintenance and repair services including new energy battery repair;
- as GAIG and/or its associates have a comprehensive understanding of our business needs, and we have established a good foundation of mutual trust with each other; GAIG and/or its associates can provide stable, high-quality services and products that can effectively and reliably meet our needs;

CONNECTED TRANSACTIONS

- in particular, as our car partners, associates of GAIG can ensure effective communication and management over cars and drivers thereby providing stable and quality services to our end customers;
- in respect of purchase of passenger vehicles, with a view to building a one-stop standardized automobile service platform to serve our car partners and drivers, we consolidate the demands from our car partners and drivers, and negotiate directly with automobile manufacturers including GAIG and its associates for a collective deal, and therefore we purchase passenger vehicles from associates of GAIG;
- for those maintenance and repair services beyond our own capability, we need to purchase such services and automobile components from GAIG and/or its associates; for instance, we delegate associates of GAIG to provide battery repair for AION branded new energy vehicle; and
- as both parties enjoy respective advantages in different business fields, our collaboration may bring synergy into full play and share development achievements.

Pricing policies

The fees payable by us to GAIG and its associates under the Products and Services Purchase and Provision Framework Agreement shall be determined on arm's length basis and with reference to the following:

- in respect of franchise management service, we adopt the same level of charge in each business line for car partners in the same city, and therefore the service fee rate charged by us to GAIG's associates are the same as those who are independent third parties;
- in respect of sales of passenger vehicles by GAIG and/or its associates to us, the unit price of passenger vehicles shall be determined by manufacturers of passenger vehicles, whilst we will compare the unit price offered by GAIG and/or its associates and that by independent third parties, and will make the procurement from the better terms offered;
- in respect of sales of automobile components by GAIG and/or its associates to us, the price shall be determined by manufacturers of passenger vehicles and shall be in line with that offered by independent third parties;
- in respect of vehicle maintenance and repair service, the price shall be determined by providers of such service and shall be in line with that offered by independent third parties;

CONNECTED TRANSACTIONS

- in respect of purchase of insurance, the price shall be determined by providers of such service or product and shall be in line with that offered by independent third parties; and
- for those products and services that our Group also purchase from independent third parties, the Group shall compare the price charged by GAIG and/or its associates and independent third parties with reference to market prices if available.

Historical amounts and proposed annual caps

The following table sets forth (a) the aggregate amounts of fees relating to products and services paid by us to GAIG and/or its associates during the Track Record Period; and (b) the proposed annual caps for the purchase of products and services under the Products and Services Purchase and Provision Framework Agreement:

	Year ended December 31,		
	2021	2022	2023
	<i>(RMB in thousands)</i>		
Transaction amount paid by us to GAIG and/or its associates	11,094	48,898	240,091
	Year ending December 31,		
	2024	2025	2026
	<i>(RMB in thousands)</i>		
Transaction amount to be paid by us to GAIG and/or its associates	430,000	500,000	590,000

The substantial increase in transaction amount we paid to GAIG and/or its associates for the year ended December 31, 2023 as compared with that for 2022 was primarily because (i) we tapped into the fleet sale and maintenance in 2022 and started to procure vehicles from OEMs, including associates of GAIG; and (ii) in 2023, our procurement of vehicles from OEMs, including associates of GAIG, increased significantly in order to fulfill purchase orders and purchase indications received from our car partners.

Basis of caps

The above proposed annual caps are determined based on historical transaction amounts and our procurement demands with reference to our estimated growth of business in the next three years.

CONNECTED TRANSACTIONS

The substantial increase of proposed annual cap for the year ending December 31, 2024 as compared with the historical transaction amount for the year ended December 31, 2023 is primarily due to the increased purchases of new energy vehicles from associates of GAIG. The expected purchase amount of new energy vehicles for the years ending December 31, 2024, 2025 and 2026 is estimated to be RMB410,000 thousand, RMB476,000 thousand and RMB560,000 thousand, respectively, which represents the majority of the respective annual caps. The expected purchase amount is estimated based on the purchase orders placed and purchase indications expressed by our car partners, including those who are associates of GAIG.

Listing Rules implications

As the highest applicable percentage ratio of the transactions under the Products and Services Purchase and Provision Framework Agreement for each of the three years ending December 31, 2026 calculated for the purpose of Chapter 14A of the Listing Rules is expected to exceed 5% on an annual basis, such transactions will, upon Listing, constitute continuing connected transactions of the Company subject to the annual reporting requirement under Rules 14A.49 and 14A.71 of the Listing Rules, the announcement requirement under Rule 14A.35 of the Listing Rules and the independent Shareholders' approval requirement under Rule 14A.36 of the Listing Rules.

2. Cloud and Map Services and Technical Services Framework Agreement

Parties

Our Company; and

Shenzhen Tencent Computer Systems Company Limited (“**Tencent Computer**”)

Principal terms

On June 26, 2024, our Company (for itself and on behalf of other members of our Group) entered into a cloud and map services and technical services framework agreement with Tencent Computer (for itself and on behalf of the Represented Tencent Group) (the “**Cloud and Map Services and Technical Services Framework Agreement**”), pursuant to which the Represented Tencent Group will provide cloud and digital map services and other cloud-related technical services to us for service fees. Cloud and digital map services and other cloud-related technical services include, but are not limited to, the provision of computing and network, cloud servers, cloud database, cloud security, monitoring and management, domain name resolution services, video services, digital map, big data and AI and other products and services.

The initial term of the Cloud and Map Services and Technical Services Framework Agreement will commence on the Listing Date and end on December 31, 2026, subject to renewal upon the mutual agreement of both parties and in compliance with the Listing Rules.

CONNECTED TRANSACTIONS

Separate underlying agreements will be entered into which will set out the precise scope of service, service fees calculation, method of payment and other details of the service arrangement in the manner provided in the Cloud and Map Services and Technical Services Framework Agreement.

Reasons for the transactions

The Represented Tencent Group is a leading service provider for a wide range of cloud services in the PRC and is able to provide reliable and cost-efficient services. Leveraging on the cloud and map services provided, part of our servers have become cloud-based, allowing a higher degree of flexibility in managing the number of our servers on an as needed basis. Considering our business has undergone and is expected to undergo further rapid growth, we believe that obtaining such services from an integrated service provider is a cost-effective alternative to building all supporting technology infrastructure internally. We therefore entered into the Cloud and Map Services and Technical Services Framework Agreement to govern any cloud and map services and technical services to be provided by the Represented Tencent Group to us.

Pricing policies

Before entering into any cloud and map services agreement or technical services agreement pursuant to the Cloud and Map Services and Technical Services Framework Agreement, we will assess our needs and compare the terms and conditions, and services proposed by the Represented Tencent Group with those offered by other competent service providers who are independent third parties. The service fee will be agreed by the parties through arm's-length negotiations based on the fee rates disclosed on the relevant official platforms or websites of the Represented Tencent Group. In addition, we will take into account a number of factors, including but not limited to (i) the quality, reliability and stability of cloud and technical services of different service providers; and (ii) the service fee rates. We will only enter into a cloud and map services and technical services agreement with the Represented Tencent Group if (i) the terms and conditions are fair and reasonable and based on normal or no less favorable commercial terms than those offered by other independent third-party service providers who can provide comparable services; and (ii) it is in the best interests of our Company and the Shareholders as a whole.

CONNECTED TRANSACTIONS

Historical amounts and proposed annual cap

The following table sets forth (a) the aggregate amounts of fees relating to cloud and map services and technical services paid to the Represented Tencent Group by us during the Track Record Period; and (b) the proposed annual caps under the Cloud and Map Services and Technical Services Framework Agreement:

	Year ended December 31,		
	2021	2022	2023
	<i>(RMB in thousands)</i>		
Services fees paid by us to the Represented Tencent Group	15,834	30,757	37,282

	Year ending December 31,		
	2024	2025	2026
	<i>(RMB in thousands)</i>		
Services fees to be paid by us to the Represented Tencent Group	61,000	71,000	77,000

Basis of cap

When estimating the annual caps, our Directors have taken into consideration the following factors, including:

- the aforesaid historical transaction amounts and the existing agreements between our Group and the Represented Tencent Group. The service fees for cloud and map services and technical services paid by us to the Represented Tencent Group increased significantly during the Track Record Period from RMB15,834 thousand in 2021 to RMB30,757 thousand in 2022, with a further increase to RMB37,282 thousand in 2023. The historical increase in the service fees we paid to the Represented Tencent Group was mainly due to the increase in our user traffic and the overall growth of our business;
- as we expect growth in the number of our users, higher user engagement on our platform, continual development of our products and services and the corresponding demand for cloud and map services and technical services, the estimated amount of fees is expected to increase along with the overall growth of our business;
- in respect of cloud services, taking into account (i) the expected substantial increase in order volume of our ride-hailing business, (ii) the cost per order at a stable level, and (iii) the growth of our Robotaxi business and the progress in research and development, the estimated transaction amount for the years ending December 31, 2024, 2025 and 2026 is expected to be RMB55,000 thousand, RMB63,000 thousand and RMB67,000 thousand, respectively; and

CONNECTED TRANSACTIONS

- in respect of map services, the estimated transaction amount for the years ending December 31, 2024, 2025 and 2026 is expected to be RMB6,000 thousand, RMB8,000 thousand and RMB10,000 thousand, respectively, which were estimated based on the expected growth of our overall business and increasing user traffic.

Listing Rules implications

As the highest applicable percentage ratio of the transactions under the Cloud and Map Services and Technical Services Framework Agreement for the three years ending December 31, 2026 calculated for the purpose of Chapter 14A of the Listing Rules is expected to exceed 5%, on an annual basis, such transactions will, upon Listing, constitute continuing connected transactions of the Company subject to the annual reporting requirement under Rules 14A.49 and 14A.71 of the Listing Rules, the announcement requirement under Rule 14A.35 of the Listing Rules and the independent Shareholders' approval requirement under Rule 14A.36 of the Listing Rules.

3. Weixin Services Framework Agreement

Parties

Our Company; and

Tencent Computer

Principal terms

On June 26, 2024, our Company (for itself and on behalf of other members of our Group) entered into a Weixin services framework agreement (the "**Weixin Services Framework Agreement**") with Tencent Computer (for itself and on behalf of the Represented Tencent Group), pursuant to which the Represented Tencent Group will provide us with (i) payment services through its payment channels to enable our users to conduct online transactions on our platform through Tencent payment channel, (ii) technical services based on Weixin mini program, and (iii) technical services based on WeCom, Weixin's platform for enterprises. We shall in return pay payment processing costs to the Represented Tencent Group.

The initial term of the Weixin Services Framework Agreement will commence on the Listing Date and end on December 31, 2026, subject to renewal upon the mutual agreement of both parties and in compliance with the Listing Rules.

Separate underlying agreements will be entered into which will set out the charge rates, method of payment and other details of the service arrangement in the manner provided in the Weixin Services Framework Agreement. The payment processing costs will be determined after arm's-length negotiations between the parties with reference to the market rates. The charge rates and calculation method shall be agreed between the parties separately.

CONNECTED TRANSACTIONS

Reasons for the transaction

Our users use online payment services mainly to settle their payments in connection with our mobility services. There are limited choices of online payment channels in the PRC. Given that the Represented Tencent Group operates one of the leading online payment service and many of our users use the online payment services provided by the Represented Tencent Group, such cooperation would enable us to provide our users with quality payment services and therefore enhance our users' satisfaction with our services.

In addition to payment services, we also use other technical services to unlock additional functions on WeChat mini program and WeCom in order to improve our operational efficiency. For example, we use the mobile number identification function on WeChat mini program, which enables our customers to conveniently register on our platform, as well as the function to increase the maximum number of external contacts that our WeCom account can have, which enhances our capability to connect with more customers.

Pricing policies

Before entering into any payment service agreement pursuant to the Weixin Services Framework Agreement, we will assess our business needs and compare the terms and conditions, and services proposed by the Represented Tencent Group with those offered by other comparable service providers who are independent third parties. In addition, we will take into account a number of factors, including but not limited to (i) the efficiency and prevalence of payment channels operated by different online payment service providers; (ii) our users' preference among different online payment service providers; and (iii) the charge rates. We will only enter into a payment service agreement with the Represented Tencent Group if (i) the terms and conditions are fair and reasonable and based on normal or no less favorable commercial terms than those offered by other independent third-party service providers who can provide comparable services; and (ii) it is in the best interests of our Company and the Shareholders as a whole. With respect to the technical services based on Weixin mini program and technical services based on WeCom, Weixin's platform for enterprises pursuant to the Weixin Services Framework Agreement, we will only enter into an agreement with the Represented Tencent Group if the rates charged to us are not higher than those charged to other independent third parties provided with similar services.

CONNECTED TRANSACTIONS

Historical amounts and proposed annual caps

The following table sets forth (a) the aggregate amounts of payment processing costs paid by us to the Represented Tencent Group during the Track Record Period; and (b) the proposed annual caps under the Weixin Services Framework Agreement:

	Year ended December 31,		
	2021	2022	2023
	<i>(RMB in thousands)</i>		
Services fees paid by us to the Represented Tencent Group	5,682	6,118	7,636

	Year ending December 31,		
	2024	2025	2026
	<i>(RMB in thousands)</i>		
Services fees to be paid by us to the Represented Tencent Group	15,000	18,000	22,000

Basis of caps

When estimating the proposed annual caps for the payment processing costs for the three years ending December 31, 2026, we have taken into account the following key factors:

- the aforesaid historical transaction amounts and the existing agreements between our Group and the Represented Tencent Group. The services fees paid by us to the Represented Tencent Group increased during the Track Record Period from RMB5,682 thousand in 2021 to RMB6,118 thousand in 2022 and RMB7,636 thousand in 2023. The increase in the service fees we incurred with the Represented Tencent Group was mainly attributable to the growth of our mobility service business and the overall expansion of our business;
- for the three years ended 2021, 2022 and 2023, the payment processing cost paid by the Group to the Represented Tencent Group as to the total payment processing cost incurred on our platforms was 95.29%, 95.37% and 96.22%, respectively representing a high correlation between our business and the payment processing cost paid to Represented Tencent Group. Given the popularity of the online payment channel offered by the Represented Tencent Group, we expect that the online payment channel offered by the Represented Tencent Group will continue to be one of the most popular payment channels among our users, and the proportion of the payment processing cost payable by the Group to the Represented Tencent Group as to the total payment processing cost to be incurred by the Group for the next three years will remain relatively stable;

CONNECTED TRANSACTIONS

- we started to purchase technical services based on Weixin mini program and WeCom, Weixin’s platform for enterprises, and will continue to purchase them in the three years ending December 31, 2026 and
- taking into account (i) the fee rate of 0.6% for Tencent payment channel (which is at the market prevailing level among similar third-party payment channels), (ii) the estimated payment volume through Tencent payment channel, and (iii) our purchase of WeChat mini program and WeCom services only began in the second half of 2023, the transaction amount for the three years ending December 31, 2026 is estimated to experience a significant increase.

Listing Rules implications

As the highest applicable percentage ratio of the transactions contemplated under the Weixin Services Framework Agreement for each of the three years ending December 31, 2026 calculated for the purpose of Chapter 14A of the Listing Rules is expected to exceed 0.1% but be less than 5%, on an annual basis, pursuant to Rule 14A.76(2) of the Listing Rules, such transactions will, upon Listing, constitute continuing connected transactions of the Company subject to the annual reporting requirement under Rules 14A.49 and 14A.71 of the Listing Rules and the announcement requirement under Rule 14A.35 of the Listing Rules.

4. Marketing Promotion Services Framework Agreement

Parties

Our Company; and

Tencent Computer

Principal terms

On June 26, 2024, our Company (for itself and on behalf of other members of our Group) entered into a marketing and promotion services framework agreement with Tencent Computer (for itself and on behalf of the Represented Tencent Group) (the “**Marketing Promotion Services Framework Agreement**”), pursuant to which the Represented Tencent Group will provide marketing and promotion services to us, including allowing our mobility services to have access to, and accept orders on, Tencent’s ride-hailing service platforms. We, in turn, will pay marketing and promotion service fees to the Represented Tencent Group.

The initial term of the Marketing Promotion Services Framework Agreement will commence on the Listing Date and end on December 31, 2026, subject to renewal upon the mutual agreement of both parties and in compliance with the Listing Rules.

CONNECTED TRANSACTIONS

Separate underlying agreements will be entered into which will set out the precise scope of service, service fees calculation, method of payment and other details of the service arrangement in the manner provided in the Marketing Promotion Services Framework Agreement.

Reasons for the transactions

Given that the Represented Tencent Group is a leading player in the PRC Internet, social network and media entertainment industries, the use of marketing and promotion services on its platforms would enable us to gain more popularity and reach more potential customers, hence further enhancing our business growth.

Pricing policies

Before entering into any marketing and promotion agreement pursuant to the Marketing Promotion Services Framework Agreement, we will assess our business needs and compare the rates of marketing and promotion services fees proposed by the Represented Tencent Group with the rates offered by other comparable marketing and promotion service providers. We will only enter into a marketing and promotion service agreement with the Represented Tencent Group when the rates of marketing and promotion service fees proposed by the Retained Tencent Group are in line with or lower than the market rates and the agreement is in the best interests of our Company and our Shareholders as a whole.

Historical amounts and proposed annual cap

The following table sets forth (a) the aggregate amounts of fees relating to marketing promotion services paid to the Represented Tencent Group by us during the Track Record Period; and (b) the proposed annual caps under the Marketing and Promotion Services Framework Agreement:

	Year ended December 31,		
	2021	2022	2023
	<i>(RMB in thousands)</i>		
Services fees paid by us to the Represented Tencent Group	–	51	13,297
	Year ending December 31,		
	2024	2025	2026
	<i>(RMB in thousands)</i>		
Services fees to be paid by us to the Represented Tencent Group	21,000	27,000	34,000

CONNECTED TRANSACTIONS

Basis of cap

To support our Company's development, Tencent did not charge us for marketing services for the year ended December 31, 2021. Starting from 2022, Tencent only charged service fees for orders in Changsha, Hunan Province, and thus we paid service fees of RMB51 thousand to Tencent. For the year ended December 31, 2023, Tencent charged fees for the provision of marketing services to us in all areas in which we operate. The proposed annual caps for the three years ending December 31, 2026 was determined based on the estimated orders on Tencent ride-hailing service platforms, and our business needs according to our future growth for the three years ending December 31, 2026. Taking into account: (i) the increasing portion of orders to be generated from Tencent ride-hailing service platforms and the expected growth of our ride-hailing business, and (ii) the expected slight increase of marketing fee rate to be charged by Tencent, the estimated transaction amount for the three years ending December 31, 2026 is expected to increase substantially as compared with the historical transaction amount in 2023.

Listing Rules implications

As the highest applicable percentage ratio of the transactions under the Marketing Promotion Services Framework Agreement for the three years ending December 31, 2026 calculated for the purpose of Chapter 14A of the Listing Rules is expected to exceed 0.1% but be less than 5%, on an annual basis, such transactions will, upon Listing, constitute continuing connected transactions of the Company subject to the annual reporting requirement under Rules 14A.49 and 14A.71 of the Listing Rules and the announcement requirement under Rule 14A.35 of the Listing Rules.

5. Contractual Arrangements

Background

Due to regulatory restrictions on foreign ownership in the PRC, we conduct a portion of our business through our Consolidated Affiliated Entities in the PRC. We do not hold any equity interests in our Consolidated Affiliated Entities. The Contractual Arrangements among relevant members of our Group, our Consolidated Affiliated Entities and the Registered Shareholders enable us to (i) exercise effective control over our Consolidated Affiliated Entities; (ii) receive substantially all of the economic benefits from our Consolidated Affiliated Entities; and (iii) have an exclusive option to purchase all or part of the equity interests in, and/or assets of, our Consolidated Affiliated Entities when and to the extent permitted by the PRC laws.

Please see the section headed "Contractual Arrangements" for details of the agreements underlying the Contractual Arrangements.

CONNECTED TRANSACTIONS

Listing Rules Implications

The transactions contemplated under the Contractual Arrangements constitute continuing connected transactions of our Company under the Listing Rules upon Listing as certain parties to the Contractual Arrangements, namely the Registered Shareholders, are connected persons of our Group.

Waiver Application

Our Directors (including the independent non-executive Directors) are of the view that the Contractual Arrangements and the transactions contemplated therein are fundamental to our legal structure and business operations, that such transactions have been and will be entered into in our ordinary and usual course of business, are normal commercial terms or better, and the terms are fair and reasonable and in the interests of our Group and our Shareholders as a whole.

Our Directors also believe that our structure, whereby the financial results of our Consolidated Affiliated Entities are consolidated into our financial statements as if they were our Company's subsidiaries and all the economic benefits of their business flows to our Group, places our Group in a special position in relation to the connected transaction rules.

Accordingly, the transactions contemplated under the Contractual Arrangements and any new transactions, contracts and agreements or renewal of existing transactions, contracts and agreements to be entered into, among others, by our Consolidated Affiliated Entities and any member of our Group from time to time ("**New Intergroup Agreements**") will technically constitute continuing connected transactions under Chapter 14A of the Listing Rules. Our Directors consider that it would be unduly burdensome and impracticable, and would add unnecessary administrative costs to our Company, for all such transactions to be subject to strict compliance with the requirements set out under Chapter 14A of the Listing Rules, including, among other things, the announcement and independent shareholders' approval requirements. In addition, given the Contractual Arrangements were entered into prior to the Listing and are disclosed in this Prospectus, and potential investors of our Company will participate in the Listing on the basis of such disclosure, our Directors consider that compliance with the announcement and the independent shareholders' approval requirements in respect thereof immediately after Listing would add unnecessary administrative costs to our Company.

CONNECTED TRANSACTIONS

INTERNAL CONTROL MEASURES

In order to ensure that the terms under relevant framework agreements for the continuing connected transactions are fair and reasonable, and no less favorable to us than terms available to or from Independent Third Parties, and the connected transactions are carried out under normal commercial terms, we have adopted the following internal control procedures:

- we have adopted and implemented a management system on connected transactions. Under such system, the audit committee under the Board is responsible for the review on compliance with relevant laws, regulations, the Company's policies and the Listing Rules in respect of the continuing connected transactions. In addition, the audit committee under the Board, the Board and various internal departments of the Company are jointly responsible for evaluating the terms under framework agreements for the continuing connected transactions, in particular, the fairness of the pricing policies and annual caps under each transaction;
- the audit committee under the Board, the Board and various internal departments of the Company also regularly monitor the fulfillment status and the transaction updates under the framework agreements. In addition, the management of the Company also regularly reviews the pricing policies of the framework agreements;
- our independent non-executive Directors and auditors will conduct annual review of the continuing connected transactions under the framework agreements and provide annual confirmation to ensure that, in accordance with the Listing Rules, the transactions are conducted in accordance with the terms of the agreements, on normal commercial terms and in accordance with the pricing policy; and
- when considering the service fees and other fees provided by us to the above connected persons, the Company will continue to regularly research in prevailing market conditions and practices and make reference to the pricing and terms between the Company and Independent Third Parties for similar transactions, to ensure that the pricing and terms offered by the above connected persons, either from bidding procedures or mutual commercial negotiations (as the case may be), are fair, reasonable and are no less favorable than those offered to Independent Third Parties. For the specific internal control procedures for each of the continuing connected transaction under their framework agreements, please refer to the relevant disclosure for the respective continuing connected transaction in this section.

CONNECTED TRANSACTIONS

CONFIRMATION BY DIRECTORS

The Directors (including independent non-executive Directors) are of the view that (i) the Non-exempt Continuing Connected Transactions have been and will continue to be carried out in our ordinary and usual course of business of the Company and on normal commercial terms or better that are fair and reasonable and in the interests of the Company and our Shareholders as a whole; (ii) the proposed annual caps (if any) for the Non-exempt Continuing Connected Transactions are fair and reasonable and in the interests of the Company and our Shareholders as a whole; and (iii) it is normal business practice for the Contractual Arrangements to be of a term greater than three years.

CONFIRMATION BY THE JOINT SPONSORS

The Joint Sponsors have (i) reviewed the relevant documents and information provided by the Company in relation to the above Non-exempt Continuing Connected Transactions; (ii) obtained necessary representations and confirmations from the Company and the Directors, and (iii) participated in the due diligence and discussions with the management of the Group.

Based on the above, the Joint Sponsors are of the view that the aforesaid (i) Non-exempt Continuing Connected Transactions, for which waivers have been sought, have been entered into in the ordinary and usual course of our business on normal commercial terms or better that are fair and reasonable and in the interest of the Company and its Shareholders as a whole; and (ii) the proposed annual caps of the Non-exempt Continuing Connected Transactions are fair and reasonable and in the interests of the Company and its Shareholders as a whole.

With respect to the term of the relevant agreements underlying the Contractual Arrangements which is of a duration longer than three years, the Joint Sponsors are of the view that (i) the Contractual Arrangements are fundamental to the Group's legal structure and business operations; (ii) it is a justifiable and normal business practice for the Contractual Arrangements of this type to be of such duration and terms to ensure that (A) policies of the Consolidated Affiliated Entities can be effectively controlled by Chenqi Mobility; (B) Chenqi Mobility can obtain the economic benefits derived from our Consolidated Affiliated Entities; and (C) any possible leakages of assets and values of our Consolidated Affiliated Entities can be prevented on an uninterrupted basis.

CONNECTED TRANSACTIONS

WAIVERS GRANTED BY THE STOCK EXCHANGE

In respect of the continuing connected transactions as described above under the Products and Services Purchase and Provision Framework Agreement and the Cloud and Map Services and Technical Services Framework Agreement, the highest applicable percentage ratios calculated for the purpose of Chapter 14A of the Listing Rules for the three years ending December 31, 2026 are expected to be more than 5% on an annual basis. Accordingly, the continuing connected transactions under these framework agreements are subject to the annual reporting requirement under Rules 14A.49 and 14A.71 of the Listing Rules, the announcement requirement under Rule 14A.35 of the Listing Rules and the independent Shareholders' approval requirement under Rule 14A.36 of the Listing Rules.

In respect of the continuing connected transactions as described above under the Weixin Services Framework Agreement and Marketing Promotion Services Framework Agreement, the highest applicable percentage ratios calculated for the purpose of Chapter 14A of the Listing Rules for the three years ending December 31, 2026 are expected to be more than 0.1% but less than 5% on an annual basis. Accordingly, the continuing connected transactions under those framework agreements are subject to the annual reporting requirement under Rules 14A.49 and 14A.71 of the Listing Rules and the announcement requirement under Rule 14A.35 of the Listing Rules.

As the above continuing connected transactions are expected to be carried out on a recurring basis, our Directors consider that strict compliance with the aforesaid announcement and/or independent Shareholders' approval requirements will be impractical, and such requirements will lead to unnecessary administrative costs and create an onerous burden on us. Accordingly, we have applied to the Stock Exchange for, and the Stock Exchange has granted us, pursuant to Rule 14A.105 of the Listing Rules, waivers from strict compliance with the announcement and independent Shareholders' approval requirements under Rule 14A.35 and Rule 14A.36 of the Listing Rules (in case of the Weixin Services Framework Agreement and the Marketing Promotion Services Framework Agreement, the announcement requirement under Rule 14A.35 of the Listing Rules) in respect of the transactions under the Non-exempt Continuing Connected Transactions, provided that the total amount of transactions for each of the three years ending December 31, 2026 will not exceed the relevant proposed annual caps as set out in this section. The independent non-executive Directors and auditors of the Company will review whether the transactions under the above continuing connected transactions have been entered into pursuant to the principal terms and pricing policies under the relevant framework agreements as disclosed in this section. The confirmation from our independent non-executive Directors and our auditors will be disclosed annually according to the requirements of the Listing Rules.

CONNECTED TRANSACTIONS

The Contractual Arrangements

In respect of the Contractual Arrangements, we have applied to the Stock Exchange for, and the Stock Exchange has granted, a waiver from strict compliance with (i) the announcement and independent Shareholders' approval requirements under Chapter 14A of the Listing Rules in respect of the transactions contemplated under the Contractual Arrangements pursuant to Rule 14A.105 of the Listing Rules; (ii) the requirement of setting an annual cap for the transactions under the Contractual Arrangements under Rule 14A.53 of the Listing Rules; and (iii) the requirement of limiting the term of the Contractual Arrangements to three years or less under Rule 14A.52 of the Listing Rules, for so long as our Shares are listed on the Stock Exchange, subject, however, to the following conditions:

No change without independent non-executive Directors' approval

No change to the Contractual Arrangements (including with respect to any fees payable to Chenqi Mobility thereunder) will be made without the approval of our independent non-executive Directors.

No change without independent Shareholders' approval

Save as described below, no change to the agreements governing the Contractual Arrangements will be made without the independent Shareholders' approval. Once independent Shareholders' approval of any change has been obtained, no further announcement or approval of the independent Shareholders will be required under Chapter 14A of the Listing Rules unless and until further changes are proposed. The periodic reporting requirement regarding the Contractual Arrangements in the annual reports of our Company (as set out below) will, however, continue to be applicable.

Economic benefits and flexibility

The Contractual Arrangements shall continue to enable our Group to receive the economic benefits derived by our Consolidated Affiliated Entities through (i) our Group's option (if and when so allowed under the applicable PRC laws) to acquire all or part of the entire equity interests in our Consolidated Affiliated Entities at a consideration which shall be the higher of (a) a nominal price, or (b) the lowest price as permitted under applicable PRC laws; (ii) the business structure under which the profit generated by our Consolidated Affiliated Entities is substantially retained by our Group, such that no annual cap shall be set on the amount of service fees payable to Chenqi Mobility by our Consolidated Affiliated Entities under our Contractual Arrangements; and (iii) our Group's right to control the management and operation of, as well as the substance of, all of the voting rights of our Consolidated Affiliated Entities.

CONNECTED TRANSACTIONS

Renewal and reproduction

On the basis that the Contractual Arrangements provide an acceptable framework for the relationship between our Company and its subsidiaries in which our Company has a direct shareholding, on one hand, and our Consolidated Affiliated Entities, on the other hand, that framework may be renewed and/or reproduced upon the expiry of the existing arrangements or in relation to any existing or new wholly foreign owned enterprise or operating company (including branch company) engaging in the same business as that of our Group which our Group might wish to establish when justified by business expediency, without obtaining the approval of the Shareholders, on substantially the same terms and conditions as the existing Contractual Arrangements. The directors, chief executive or substantial shareholders of any existing or new wholly foreign owned enterprise or operating company (including branch company) engaging in the same business as that of our Group which our Group may establish will, upon renewal and/or reproduction of the Contractual Arrangements, however, be treated as connected persons of our Company and transactions between these connected persons and our Company other than those under similar contractual arrangements shall comply with Chapter 14A of the Listing Rules. This condition is subject to relevant PRC laws, regulations and approvals.

Ongoing reporting and approvals

We will disclose details relating to the Contractual Arrangements on an on-going basis as follows:

- the Contractual Arrangements in place during each financial period will be disclosed in our Company's annual report and accounts in accordance with the relevant provisions of the Listing Rules;
- our independent non-executive Directors will review the Contractual Arrangements annually and confirm in our Company's annual report and accounts for the relevant year that (i) the transactions carried out during such year have been entered into in accordance with the relevant provisions of the Contractual Arrangements; (ii) no dividends or other distributions have been made by our Consolidated Affiliated Entities to the holders of its equity interests which are not otherwise subsequently assigned or transferred to our Group; and (iii) any new contracts entered into, renewed or reproduced between our Group and our Consolidated Affiliated Entities are fair and reasonable, or advantageous to our Shareholders, so far as our Group is concerned and in the interests of our Company and our Shareholders as a whole;
- our Company's auditor will carry out review procedures annually on the transactions, pursuant to the Contractual Arrangements, and will provide a letter to our Directors with a copy to the Stock Exchange confirming that the transactions have received the approval of our Directors, have been entered into in accordance

CONNECTED TRANSACTIONS

with the relevant Contractual Arrangements, and that no dividends or other distributions have been made by our Consolidated Affiliated Entities to the holders of its equity interests which are not otherwise subsequently assigned or transferred to our Group;

- for the purpose of Chapter 14A of the Listing Rules, and in particular the definition of “connected person”, our Consolidated Affiliated Entities will be treated as our Company’s subsidiaries, and at the same time, the directors, chief executives or substantial shareholders of our Consolidated Entities and their respective associates will be treated as connected persons of our Company (excluding, for this purpose, our Consolidated Affiliated Entities), and transactions between these connected persons and our Group (including, for this purpose, our Consolidated Affiliated Entities), other than those under the Contractual Arrangements, will be subject to requirements under Chapter 14A of the Listing Rules; and
- our Consolidated Affiliated Entities will undertake that, for so long as the Shares are listed on the Stock Exchange, our Consolidated Affiliated Entities will provide our Group’s management and our Company’s auditor full access to its relevant records for the purpose of our Company’s auditor’s review of the connected transactions.

In addition, we have also applied to the Stock Exchange for, and the Stock Exchange has granted, a waiver pursuant to Rule 14A.105 of the Listing Rules from strict compliance with (i) the announcement and independent shareholders’ approval requirements under Chapter 14A of the Listing Rules in respect of the transactions contemplated in any New Intergroup Agreements (as defined above); (ii) the requirement of setting an annual cap for the fees payable by/to any member of our Group to/from our Consolidated Affiliated Entities in any New Intergroup Agreements; and (iii) the requirement to limit the term of any New Intergroup Agreement to three years or less, for so long as Shares are listed on the Stock Exchange. The waiver is subject to the condition that the Contractual Arrangements subsist and that our Consolidated Affiliated Entities will continue to be treated as our Company’s subsidiary, but their directors, chief executives or substantial shareholders of our Consolidated Affiliated Entities and its associates will be treated as connected persons of our Company (excluding, for this purpose, our Consolidated Affiliated Entities), and transactions between these connected persons and our Group (including, for this purpose, our Consolidated Affiliated Entities), other than those under the Contractual Arrangements, will be subject to requirements under Chapter 14A of the Listing Rules. We will comply with the applicable requirements under the Listing Rules, and will immediately inform the Stock Exchange if there are any changes to these continuing connected transactions.

In the event of any future amendments to the Listing Rules imposing more stringent requirements than those applicable as of the Latest Practicable Date on the continuing connected transactions referred to in this section, we will take immediate steps to ensure compliance with such new requirements within a reasonable time.

REGULATORY OVERVIEW

REGULATION RELATING TO FOREIGN INVESTMENT

The Company Law of the PRC (《中華人民共和國公司法》), promulgated by the Standing Committee of the National People's Congress of the PRC (the "SCNPC") on December 29, 1993, last amended on October 26, 2018 and came into effect on the same day, governs the establishment, operation and management of companies in the PRC, including foreign-invested companies. Unless foreign investment laws provide otherwise, foreign-invested companies shall abide by the Company Law of the PRC.

Foreign investment in the PRC is subject to the Catalogue of Industries for Encouraging Foreign Investment (2022 edition) (《鼓勵外商投資產業目錄(2022年版)》) (the "Catalogue"), amended on October 26, 2022 and effective since January 1, 2023 and the Special Administrative Measures for Foreign Investment Access (Negative List) (2021 edition) (《外商投資准入特別管理措施(負面清單)(2021年版)》) (the "Negative List"), amended on December 27, 2021 and effective since January 1, 2022, both of which issued by the National Development and Reform Commission (the "NDRC") and the Ministry of Commerce of the PRC (the "MOFCOM"). According to the Negative List, foreign investors are not allowed to invest in prohibited industries, and foreign investment in restricted industries shall meet conditions stipulated in the Negative List.

The Foreign Investment Law of the PRC (《中華人民共和國外商投資法》) (the "FIL"), promulgated by the National People's Congress on March 15, 2019, effective since January 1, 2020, is the principal existing law governing foreign investment in the PRC. It has replaced the following old laws regulating foreign investment: (i) the Sino-foreign Equity Joint Venture Enterprise Law of the PRC (《中華人民共和國中外合資經營企業法》), (ii) the Sino-foreign Cooperative Joint Venture Enterprise Law of the PRC (《中華人民共和國中外合作經營企業法》), and (iii) the Wholly Foreign-owned Enterprise Law of the PRC (《中華人民共和國外資企業法》), and foreign-invested enterprises which were established in accordance with such laws before the implementation of the FIL may retain their original organization forms and other aspects for 5 years upon the implementation hereof. The FIL is enacted to further expand opening-up, actively promote foreign investment, protect legitimate rights and interests in foreign investment, and standardize foreign investment management. Pursuant to the FIL, the PRC adopts a system of national treatment plus the Negative List with respect to foreign investment administration. Foreign investment and domestic investment in industries outside the scope of the Negative List issued or released upon approval by the State Council would be treated equally.

The Implementation Regulations for the Foreign Investment Law of the PRC (《中華人民共和國外商投資法實施條例》) (the "Implementation Regulations for FIL"), promulgated by the State Council on December 26, 2019, effective since January 1, 2020, further emphasize promotion and protection of foreign investment and replaced the Implementing Regulations for the Sino-foreign Equity Joint Venture Enterprise Law of the PRC (《中華人民共和國中外合資經營企業法實施條例》), the Interim Provisions on the Joint Operation Period of Sino-foreign Equity Joint Venture Enterprises (《中外合資經營企業合營期限暫行規定》), the Rules for the Implementation of the Wholly Foreign-owned Enterprise Law of the PRC (《中華人民共和國

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外資企業法實施細則》) and the Rules for the Implementation of the Sino-foreign Cooperative Joint Venture Enterprise Law of the PRC (《中華人民共和國中外合作經營企業法實施細則》). Under the Implementation Regulations for FIL, the FIL and the Implementation Regulations for FIL shall prevail where the provisions on foreign investment made before January 1, 2020 are inconsistent with the provisions of the FIL and the Implementation Regulations for FIL. The Supreme People's Court of the PRC issued the Interpretation on Several Issues Concerning the Application of the Foreign Investment Law of the PRC (《關於適用〈中華人民共和國外商投資法〉若干問題的解釋》) on December 26, 2019, which came into effect on January 1, 2020, the same date when the FIL and Implementation Regulations for FIL became effective. The interpretation applies to any contractual dispute arising from the acquisition of relevant rights and interests by a foreign investor through gift, division of property, merger of enterprises, division of enterprises, etc.

On December 30, 2019, the MOFCOM and State Administration for Market Regulation (the “**SAMR**”) promulgated the Measures for the Reporting of Foreign Investment Information (《外商投資信息報告辦法》) (the “**Reporting Measures**”), which came into effect on January 1, 2020 and at the same time, replaced the Interim Measures for the Administration of Record-filing on the Establishment and Change of Foreign-invested Enterprises (《外商投資企業設立及變更備案管理暫行辦法》). The Reporting Measures regulate information reporting relating to foreign investment in the PRC. Pursuant to the Reporting Measures, foreign investors and foreign-invested enterprises who directly or indirectly carry out investment activities in the PRC shall report investment information to the competent departments of commerce by submitting initial reports, change reports, cancellation reports and annual reports.

On December 19, 2020, the NDRC and the MOFCOM jointly issued the Measures for the Security Review of Foreign Investment (《外商投資安全審查辦法》), effective from January 18, 2021. The measures stipulate rules for foreign investment that is subject to security review. According to the measures, procedures will be established for organizing, coordinating, and guiding the security review of foreign investments, and the office in charge of the security review will be set up under the NDRC, and led by the NDRC and the MOFCOM. Any foreign investment which has or could have an impact on national security shall be subject to security review by such working mechanism office. Furthermore, the measures provide that if foreign investors or relevant parties in China intend to invest in crucial information technology and internet products and services which relate to national security, and to obtain the actual control over the enterprises they invested in, they shall apply to the office for a security review prior to implementation of the investment.

REGULATORY OVERVIEW

REGULATION RELATING TO RIDE-HAILING SERVICES

On July 27, 2016, the MOT, the MIIT, the Ministry of Public Security (the “MPS”), the MOFCOM, State Administration of Industry and Commerce (the “SAIC”), the General Administration of Quality Supervision, Inspection and Quarantine (together with the SAIC are reformed and merged into the SAMR) and the CAC, jointly promulgated the Interim Measures for the Management of Online Ride-Hailing Operation and Service (《網絡預約出租汽車經營服務管理暫行辦法》) (the “**Online Ride-Hailing Measures**”), which became effective on November 1, 2016 and was last amended on November 30, 2022, to regulate the business activities of the ride-hailing services and to ensure the safety of the passengers by establishing a regulatory system for the platforms, vehicles and drivers engaged in the ride-hailing services. Before carrying out the ride-hailing services, a ride-hailing service platform shall obtain the license for the ride-hailing business, complete the record filing of internet information services with the provincial authorities of communications administration in the place of its enterprise registration and handle the filing procedures with the acceptance agency designated by the provincial authorities of public security where the management and operation organization of the ride-hailing service platform locates. Such platform must be capable of exchanging and processing the relevant information and data with its servers located within the PRC, sign an agreement on the provision of payment and settlement services with the bank or non-banking payment institution for electronic payment, establish a sound operational management system, work safety management system and service quality assurance system, and fulfill other conditions as stipulated. Platforms that conduct the activities of ride-hailing operation without obtaining the permit as prescribed may be subject to an order of correction, a warning by the local authority, a fine of RMB10,000 to RMB30,000, or even criminal liabilities if a violation constitutes a crime.

Based on the Online Ride-Hailing Measures, vehicles used for the ride-hailing services shall be equipped with the transportation permit for the vehicles used for the ride-hailing services, issued by the competent transport authorities in the place where relevant services activities are carried out. The relevant parties may be imposed a fine of RMB3,000 to RMB10,000 for ride-hailing business without the necessary permit for used vehicles. Drivers must also satisfy certain conditions in order to engage in the ride-hailing services, including, among others, the driver license for corresponding vehicles, driving experience of over 3 years and no criminal records of violence. Failure of obtainment of the driver license for ride-hailing services may lead to a fine of RMB200 to RMB2,000. In addition, platforms may be subject to an order of correction and imposed a fine of RMB5,000 to RMB10,000, and in severe cases a fine of RMB10,000 to RMB30,000, if, among others: (1) the relevant vehicle or driver providing ride-hailing services has not obtained the applicable permit; or (2) the vehicle or driver providing services online is not the same as the actual vehicle or driver providing services offline. The Online Ride-Hailing Measures stipulate that the competent transport authorities shall build and improve the government supervision platform and realize sharing of information with the ride-hailing platform. The information to be shared includes the basic information of the vehicles and drivers, service quality and the comments from the passengers.

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The Online Ride-Hailing Measures require that the vehicles used for the ride-hailing services shall be insured against the risks in relation to the operational vehicles and the ride-hailing service platform shall purchase carrier liability insurance for the passengers. Municipal authorities may promulgate local measures or rules to govern operation and services of ride-hailing with more specific provisions regarding to the types or amount of aforementioned insurance. For example, pursuant to the Interim Measures of Guangzhou Municipality for the Management and Service of Online Ride-Hailing Operation (《廣州市網絡預約出租汽車經營服務管理暫行辦法》) promulgated by the People's Government of Guangzhou Municipality on November 28, 2016 and amended on November 14, 2019, and the Measures of Foshan Municipality for the Management and Service of Online Ride-Hailing Operation (《佛山市網絡預約出租汽車經營服務管理辦法》) promulgated by the People's Government of Foshan Municipality on August 8, 2019, effective from September 12, 2019, the ride-hailing platform shall purchase carrier liability insurance for the passengers with the amount of no less than RMB1,000,000 and the compulsory traffic accident liability insurance. The Interim Measures of Shenzhen Municipality for the Management of Online Ride-Hailing Operation and Service (《深圳市網絡預約出租汽車經營服務管理暫行辦法》) promulgated by the People's Government of Shenzhen on December 28, 2016 and last amended on March 3, 2022 further stipulate that the compulsory third party liability insurance shall be purchased for the vehicles used for provision of the ride-hailing services.

On February 7, 2022, the General Office of the MOT, the MIIT, the General Office of the MPS, the Ministry of Human Resources and Social Security of the PRC (the "MHRSS"), the People's Bank of China (the "PBOC"), State Taxation Administration (the "STA"), the General Office of the SAMR and the CAC jointly promulgated the Notice on the Joint Regulation of the Whole Chain and Process for the Online Ride-Hailing Industry (《關於加強網絡預約出租汽車行業事前事中事後全鏈條聯合監管有關工作的通知》), according to which the enterprises of the ride-hailing platform may be subject to the joint regulation of the whole chain and process where such enterprises commit violations of the laws and regulations, such as engaging in the activities of ride-hailing operation without obtaining the permit, distributing orders to drivers or vehicles failing to obtain the corresponding permits, failing to transmit relevant data information to the regulatory information interaction platform of ride-hailing as required and illegally operating payment or settlement of capital.

Pursuant to the Administrative Measures for Operation of the Interactive Platform for Regulatory Information of Online Ride-Hailing (《網絡預約出租汽車監管信息交互平台運行管理辦法》) promulgated by the MOT and becoming effective on July 1, 2022, the municipal transport authorities shall transmit the relevant licensing information of the platform companies, vehicles and drivers engaged in ride-hailing services in real time through the information system of the transport administration in order that such information will be shared in real time among the industry platform. The information that cannot be shared in real time shall be entered and uploaded promptly into the industry platform, in principle, at least once a week. The ride-hailing platform companies shall transmit some basic static data, which includes the relevant information of the platform companies, vehicles and drivers, and some dynamic data, which includes order information, operation information, location information, service quality information to the industry platform, from the next day of the date when the ride-hailing platform companies obtain the licenses for the ride-hailing business.

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REGULATIONS RELATING TO HITCH SERVICES

On July 26, 2016, the General Office of the State Council promulgated the Guidelines on Deepening Reform and Promotion for the Healthy Development of the Taxi Industry (《國務院辦公廳關於深化改革推進出租汽車行業健康發展的指導意見》), effective from July 26, 2016, which differentiate the hitch services from the ride-hailing services and define the hitch services as a type of sharing journeys in which the providers of the hitch services publish travel information in advance and passengers with the same route choose to ride with the driver and share part of the travel costs or for free. Such guidelines clearly stipulate that the municipal governments shall encourage and standardize the development of the hitch services and formulate corresponding regulations. The Online Ride-Hailing Measures prescribe that with regard to the hitch services, the other relevant provisions issued by municipal governments shall apply, and provision of the ride-hailing services in the guise of hitch shall be prohibited. Therefore, the hitch services are not subject to regulations and rules on the ride-hailing.

On September 10, 2018, the General Office of the MOT and the General Office of the MPS jointly promulgated the Emergency Notice on Further Strengthening the Safety Management of Online Ride-Hailing and Hitch of Private Vehicles (《關於進一步加強網絡預約出租汽車和私人小客車合乘安全管理的緊急通知》), which provides that the hitch service platforms shall carry out background checks on all drivers engaged in or apply to engage in such services by reference to the relevant requirements with regard to background check and supervision on the taxi drivers. Specifically, the hitch platforms shall strictly standardize the matching process, shall not assign orders to drivers before completing background checks, and shall apply facial recognition and other technologies to check the consistency between the vehicles and the private car owners before order matching. The hitch drivers shall be forbidden to choose passengers, whereas the passengers can determine the drivers to ride with. Moreover, the hitch platforms shall enhance personal information protection and establish the safety warning mechanism. The hitch platforms may be subject to liability for injury or damage resulting from car accidents if they fail to fulfill these obligations.

Except for the national rules, some municipal authorities have promulgated their implementing rules to further stipulate the requirements for the hitch service platforms. For example, in Guangdong Province, on April 24, 2017, Jiangmen Municipal Transportation Bureau promulgated the Interim Provisions on Hitch (《江門市交通運輸局關於小客車合乘暫行規定》), which stipulate that the hitch service platforms providing the functions and services of hitch information in Jiangmen shall complete the record filing procedures in the competent transport authorities of the county-level or above. In addition, on December 31, 2021, Guangzhou Municipal Transportation Bureau and Guangzhou Public Security Bureau together issued Opinions on the Investigation and Punishment of Illegal Operation of Road Passenger Transport Involving the Identification of Private Passenger Hitch (《關於查處道路客運非法營運行為涉及私人小客車合乘認定問題的意見》), which provide that in Guangzhou, the cost of private hitch is limited to the direct costs such as the vehicle fuel (electricity) cost and road toll, and the cost-sharing of a single mileage shall not exceed 50% of the renewal price of the taxi mileage. Besides, if the riders share part of the hitch cost, the driver can offer the hitch services no more than three times a day, and no more than two orders can be matched in one trip; if the hitch is free, the number of providing hitch services for driver is unlimited. On

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August 3, 2022, Shenzhen Municipal Transportation Bureau issued Opinions on Standardizing the Private Hitch (《關於規範私人小客車合乘的若干意見》), which became effective on August 25, 2022 and further stipulate that in Shenzhen, the cost-sharing of a single mileage shall not exceed 50% of the renewal price of the taxi mileage (excluding starting price, waiting-time fee, return fee, surcharge, reservation service fee, and large baggage fee), and that hitch platforms shall not provide information services to the same vehicle for more than three times in a day.

REGULATIONS RELATING TO AUTONOMOUS DRIVING VEHICLES

On December 20, 2020, the Ministry of Transport of the People's Republic of China promulgated the Guiding Opinions on Promoting the Development and Application of Road Transport Autonomous Driving Technologies (《交通運輸部關於促進道路交通自動駕駛技術發展和應用的指導意見》), which clarified the development goal, of which Specifically, by 2025, the research on the basic theory of autonomous driving shall make positive progress, and key technologies such as road infrastructure intelligence, vehicle-road collaboration and product research and development and test verification shall make important breakthroughs. To promote the industrialization of autonomous driving technology, a number of basic and key standards for autonomous driving shall be issued, and a number of national autonomous driving test bases and pilot application demonstration projects shall be built.

Based on the above, the PRC government has then continuously implemented certain policies and rules to promote the rapid development of the autonomous driving industry across various sectors. Among them, as one of the latest legislative updates, in November 2023, the MIIT, the Ministry of Public Security, the Ministry of Housing and Urban-Rural Development and the MoT jointly issued the Notice of Implementing the Pilot Program of Access and On-road Traffic of Intelligent Connected Vehicles (《工業和信息化部、公安部、住房和城鄉建設部、交通運輸部關於開展智能網聯汽車准入和上路通行試點工作的通知》), making a real step on L3-L4 of driving automation. Pursuant to this notice, leveraging the groundwork laid by previous road testing and demonstration applications of intelligent connected vehicles, the regulatory authorities will select intelligent connected vehicle products equipped with L3 or L4 autonomous driving capabilities that meet the conditions for mass production to carry out access pilot programs. For intelligent connected vehicle products that have obtained access approval, pilot road tests will be conducted within designated areas. Vehicles used for transportation operations must comply with the operational qualifications and management requirements of the transportation regulatory authorities. The automobile manufacturers and pilot entities for trial use shall form a consortium to submit the application plans, and after obtaining consent from the municipal government where the intelligent connected vehicles are intended to operate, the consortium shall submit the application to the provincial-level industry and information technology authority. The provincial industry and information technology authority, together with the provincial public security traffic management and cybersecurity departments, housing and urban-rural development departments, transportation departments, and communication administration bureau, review the application plans and forward them to the MIIT by December 20, 2023. The MIIT, together with the Ministry of Public Security, the Ministry of Housing and Urban-Rural Development and the Ministry of Transportation, shall organize experts to conduct preliminary reviews of the application plans and selects the

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consortiums to enter the pilot phase based on merit. As required by this notice, the pilot entities for trial use engaged in transportation operations shall possess corresponding operational qualifications for the relevant business categories and comply with certain detailed requirements. A pilot entity for trial use shall: (1) establish mechanism to guarantee the operational safety of intelligent connected vehicles and implement a risk and emergency management system, with the ability to ensure the safe operation of the vehicle before, during and after the entire process; (2) have operational and safety monitoring platform for intelligent connected vehicles, which shall have the functions such as data reception, data validation, reporting, storage and shall ensure the network and data security; (3) be equipped with operational safety and security personnel who shall receive training and pass examinations and be proficient in road traffic and vehicle knowledge, including but not limited to, road traffic safety laws and regulations; (4) be familiar with the function design operating conditions of automatic driving, with the capability for vehicle maintenance; (5) have the ability to assume the corresponding civil liability for the personal and property losses that may be caused by the vehicle on the road, and shall have the ability to cooperate with the relevant departments to carry out emergency rescue, investigation and handling of traffic accidents mediation and compensation for damages; and (6) establish for intelligent connected vehicles the network security management system, including cybersecurity risk control, monitoring, emergency response, vulnerability management, and safeguard mechanisms for intelligent connected vehicles, and the sound data security management system for intelligent connected vehicles, including data asset management accounts, and adopt technical measures for data security protection of intelligent connected vehicles. In addition, some local regulatory authorities have promulgated guidelines requiring pilot entities for trial use to submit different levels of application documents to prove that they are qualified to participate in such pilot programs. For example, in Nansha District of Guangzhou, pursuant to the Guidelines for the Demonstration of the Application of Intelligent Connected Vehicles in Road Transport (Public Transport) in Nansha District of Guangzhou (First Edition) (《廣州市南沙區智慧網聯汽車在道路運輸(公共交通)領域應用示範運營工作指引(第一版)》) and its attachments, issued by the Guangzhou Nansha District Transportation Bureau on November 24, 2022, pilot entities conducting demonstration operations must simultaneously meet the industry access requirements for the intended demonstration operation sector, obtain the relevant industry operating license, or already have relevant industry experience in Guangzhou.

There have been numerous iterations and advancements in the standards and technologies for road testing since 2018, with commercial trial operations being implemented in a few regions. As one of the most importance standards which provides preliminary regulations on how intelligent connected vehicles conduct road testing and establish demonstration applications, the Norms on Administration of Road Testing and Demonstrative Employment of Autonomous Driving Vehicles (Trial Implementation) (《智能網聯汽車道路測試與示範應用管理規範(試行)》) (the “**Road Testing and Demonstrative Employment Norms**”) were promulgated by the MIIT, the MPS and the MOT on July 27, 2021 and became effective on the same day. Pursuant to the Road Testing and Demonstrative Employment Norms, road testing refers to the testing activities of self-driving function of the autonomous driving vehicles carried out on the designated sections of highways (including expressways), urban roads, regional roads and other roads used for the passage of social motor vehicles. And the Road Testing and Demonstrative Employment Norms define demonstrative employment as the

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running activities of autonomous driving vehicles to carry passengers and cargos, with pilot or trial implementation effects, on the designated sections of highways (including expressways), urban roads, regional roads and other roads used for the passage of social motor vehicles. The entities intending to conduct a road testing or demonstrative employment of autonomous driving vehicles must apply to the competent authorities of industry and information, public security and transport. Any activity of road testing or demonstrative employment shall generally not last longer than 18 months and the validity period of the safety technology inspection certificate and the insurance certificate. The entities carrying out activities of road testing and demonstrative employment are also required to apply to the traffic management departments of the public security authorities for a temporary car number plate for tested or employed vehicles with relevant certificates and materials, including self-declaration by such entities on the safety of the road testing or demonstrative employment of autonomous driving vehicles confirmed by the competent authorities. During road testing or demonstrative employment activities, the entities should post a noticeable identification logo for autonomous driving test or demonstrative employment on each tested or employed car and should not use autonomous driving model unless in the sections or areas specified in the self-declaration. In addition, the entities are required to submit periodical reports to the competent authorities every six months and final reports within one month after completion of the road testing or demonstrative employment. The entities shall report car accidents occurring during the period of the road testing or demonstrative employment to the competent authorities each month. In the case of a car accident causing severe injury or death of personnel or vehicle damage, the entities must report the accident to the competent authorities within 24 hours through the information system. If the entities fail to report as required, the entities may be suspended from their driving testing or demonstrative employment for 24 months. The entities shall also submit a comprehensive analysis report in writing covering cause analysis, final liability allocation results and complete accident analysis within five working days after the liability is determined for the accident.

Some local governments have issued local rules and regulations to regulate road testing and demonstrative employment of autonomous driving vehicles accordingly. For example, the Measures of Guangdong Province on Administration of Road Testing and Demonstrative Employment of Autonomous Driving Vehicles (Trial Implementation) in Guangdong (《廣東省智能網聯汽車道路測試與示範應用管理辦法(試行)》), promulgated by Department of Industry and Information Technology of Guangdong Province, Guangdong Provincial Public Security Department and Department of Transport of Guangdong Province on November 28, 2022 and becoming effective on January 1, 2023, clearly stipulate that vehicles shall be driven manually from the parking lot to road sections or areas for road testing or demonstration employment. On July 8, 2021, the People’s Government of Guangzhou Municipality issued the Opinions on the Policy for Progressive Zoning and Prioritizing Demonstrative Operation of Employment of Autonomous Driving Vehicles (Autonomous Driving) under Different Mixed Conditions (《關於逐步分區域先行先試不同混行環境下智慧網聯汽車(自動駕駛)應用示範運營政策的意見》) (the “**Guangzhou Autonomous Driving Opinions**”) and the Work Plans for Carrying out Demonstrative Operation of Employment of Autonomous Driving Vehicles (Autonomous Driving) under Different Mixed Conditions (《在不同混行環境下開展智能網聯汽車(自動駕駛)應用示範運營的工作方案》) (the “**Guangzhou Autonomous Driving Work Plans**”). Under the Guangzhou Autonomous Driving Opinions, the relevant municipal

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departments and mixed traffic pilot areas will issue a series of supporting documents, based on the practical management of autonomous driving under mixed conditions, including detailed implementation plans for operational management, testing optimization, regulatory enforcement, data and network security, financial support, and other specific measures. According to the Guangzhou Autonomous Driving Work Plans, which were implemented from July 1, 2021, the municipal authorities shall guide authorities of the district level to review the qualification for demonstrative operation of employment, including passenger transport activities carried out on the road with autonomous driving vehicles by means of cruising taxis, online hailing and buses. The Guangzhou Autonomous Driving Work Plans also provide that the vehicles used for demonstrative operation of employment shall be installed with vehicles' driving data equipment, vehicle-carried video equipment, vehicle location equipment, integrate vehicle networking equipment and other vehicle-carried equipment, to continuously record and store operating conditions, status and driving mode throughout the routes, and relevant data shall be connected into and stored in monitoring platform for demonstrative operation of employment of autonomous driving vehicles (autonomous driving) in Guangzhou. According to Administrative Regulations of the Shenzhen Special Economic Zone on Autonomous Driving Vehicles (《深圳經濟特區智能網聯汽車管理條例》) promulgated by the Standing Committee of the Shenzhen Municipal People's Congress on June 30, 2022 and the Detailed Rules for Implementation of Shenzhen City on Administration of Road Testing and Demonstrative Employment of Autonomous Driving Vehicles (《深圳市智能網聯汽車道路測試與示範應用管理實施細則》) promulgated by Shenzhen Municipal Transportation Bureau on October 20, 2022, it is supported within qualified administrative regions in Shenzhen to open up road testing and demonstrative employment in the whole region, explore and launch commercial pilot operation and gradually realize commercial operation. On February 5, 2024, Bao'an District People's Government issued the Administrative Measures of Bao'an District on Commercial Pilot of Autonomous Driving Vehicles (Trial Implementation) (《深圳市寶安區智能網聯汽車商業化試點管理辦法(試行)》), which provide that passenger transport activities carried out on the road with autonomous driving vehicles by means of cruising taxis, online hailing and buses are classified as commercial pilot activity in Bao'an District, and the relevant application shall be submitted to the Joint Working Group in Bao'an District for conduct of such activities.

REGULATIONS RELATING TO SURVEYING AND MAPPING

Regulations Relating to Surveying and Mapping

Under the Surveying and Mapping Law of the PRC (《中華人民共和國測繪法》) promulgated by the Standing Committee of the National People's Congress on December 28, 1992 and amended on August 29, 2002 and April 27, 2017, entities engaged in surveying and mapping services should obtain surveying and mapping qualification certificates and comply with the state's surveying and mapping criteria. According to the Administrative Measures of Surveying Qualification Certificate (《測繪資質管理辦法》) and the Standard for Surveying and Mapping Qualification Certificate (《測繪資質分類分級標準》) issued by the Ministry of Natural Resources of the PRC on June 7, 2021 and effective from July 1, 2021, surveying and mapping qualifications are classified into Grade A and Grade B. Enterprises applying for qualifications of Grade A shall meet higher standards with respect to technicians, technology

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equipment and operating performance and have no restriction on the scope of their operation, while enterprises with surveying and mapping qualifications of Grade B shall operate within the scope specified by professional standards. The specialized categories of surveying and mapping qualifications include geodetic surveying, aerial photography for surveying and mapping, photographic surveying and remote sensing, engineering surveying, marine surveying and mapping, boundary and real estate surveying and mapping, geographic information system engineering, map compilation, compilation of electronic maps for navigation purposes, and Internet map services.

On November 19, 2007, the State Bureau of Surveying and Mapping (which was renamed as the National Administration of Surveying, Mapping and Geo-information) issued the Notice of Relevant Provisions on the Administration of Electronic Navigation Maps (《關於導航電子地圖管理有關規定的通知》), which clearly stipulates that data collection for electronic navigation maps shall be undertaken by agencies with the qualification for surveying and mapping of electronic navigation maps. Activities such as editing, processing, format conversion and quality assessment of electronic navigation maps belong to the activities of production of electronic navigation maps, and may only be carried out by agencies that have obtained the qualification for surveying and mapping of electronic navigation maps in accordance with the law. Any agencies that have not obtained the qualification shall not engage in the aforesaid activities of production of electronic navigation maps in any form. Except for the agencies that have lawfully obtained the qualification for surveying and mapping of electronic navigation maps, no other entity or individual may, during the use of electronic navigation maps, use any instrument with the function of signal receiving or positioning with the spatial positioning system (such as GPS) to display, record, store, label space coordinates, elevation, information of the attributes of ground objects, or to inspect, check and modify the relevant content of electronic navigation map. Foreign organizations and individuals are prohibited from engaging in activities such as map data collection, editing and processing, format conversion, and map quality evaluation for the production and publication of navigation electronic maps within the territory of the PRC. According to the Notice on Strengthening Management of the Production, Test and Employment of Autopilot Maps (《關於加強自動駕駛地圖生產測試與應用管理的通知》) promulgated by the National Administration of Surveying, Mapping and Geo-information (which was merged into Ministry of Natural Resources of the PRC in 2018) on February 3, 2016, the autopilot map is a new type and an important part of the navigation electronic maps, of which the data collection, editing, processing or production must be undertaken by agencies that have the qualification for surveying and mapping of navigation electronic maps. Where entities engaged in production of navigation electronic maps cooperate with automobile companies in research, development and testing of autopilot maps, the surveying and mapping activities involved shall be carried out by the agencies with the qualification for production of navigation electronic maps. Without the approval of the provincial-level or higher administrative department responsible for surveying and geographic information, it is prohibited to provide or share map data with foreign organizations and individuals, as well as wholly foreign-owned, Sino-foreign joint ventures and cooperative enterprises registered in the PRC.

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The Notice on Promoting the Development of Autonomous Driving Vehicles and Maintenance of the Security of Surveying, Mapping and Geoinformation (《關於促進智能网联汽車發展維護測繪地理信息安全的通知》), issued by the Ministry of Natural Resources on August 25, 2022, further provides that where autonomous driving vehicles are equipped or integrated with satellite navigation positioning and receiving modules, inertial measurement units, cameras, laser radars and other sensors, and carry out activities of collection, storage, transmission and processing of surveying, mapping and geographic information and data, including spatial coordinates, images, point clouds and their attribute information, of vehicles and surrounding road facilities during operation, service and road testing, such activities shall be regarded as the surveying and mapping activities specified in the Surveying and Mapping Law of the PRC, and shall be regulated and administered in accordance with the laws, regulations and policies concerning surveying and mapping. The manufacturing, integration and sale of various in-vehicle sensors and autonomous driving vehicles are not within the scope of statutory surveying and mapping activities. Entities collecting, storing, transmitting and processing the surveying, mapping and geographic information and data generated during operation, services and road testing of autonomous driving vehicles are the actors of surveying and mapping activities, and shall abide by the relevant provisions and assume the corresponding responsibilities in accordance with the law. Based on the current market operation, most entities engaged in data collection, storage, transmission and processing are vehicle manufacturers, service providers and some autonomous smart driving software providers. The drivers and passengers of the autonomous driving vehicles, who only obtain driving assistance services and other services, are not the actors of relevant surveying and mapping activities. Any vehicle manufacturer, service provider or autonomous smart driving software provider that needs to engage in the collection, storage, transmission and processing of relevant data shall obtain the corresponding qualification for surveying and mapping in accordance with the law or entrust an agency with the corresponding qualification for surveying and mapping to carry out the corresponding surveying and mapping activities in the PRC.

On November 26, 2015, the State Council enacted the Administrative Regulations on Maps (《地圖管理條例》) (the “**Maps Regulations**”), which became effective from January 1, 2016. The Maps Regulations require entities engaging in internet mapping services, such as geographic positioning, the uploading of geographic information or markings, and the development of a map database, to obtain relevant qualification certificates for surveying and mapping.

On March 22, 2024, the Ministry of Natural Resources of the PRC issued the Administrative Measures for Data Security in the Field of Natural Resources (《自然資源領域數據安全管理辦法》) (the “**Measures on Natural Resources Data**”), which became effective on the same day. The Measures on Natural Resources Data provide that “data in the field of natural resources” means data collected and generated during the activities concerning natural resources, mainly including, without limitation, basic geographic information and remote sensing images and other geographic information and data. The Measures on Natural Resources Data further regulate that a data processor in the field of natural resources, when collecting data, shall ensure that the measures used are lawful, and shall not misappropriate or otherwise

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unlawfully collect data. Data shall be collected and used for the purpose and within the scope prescribed by laws and regulations, if so prescribed. As to the required prior approval for collecting and sharing road data, the Measures on Natural Resources Data state that the data processor shall obtain the license in accordance with the law where any law or regulation provides that an administrative license shall be obtained for data processing activities. As of the Latest Practicable Date, we have obtained a Grade B license for surveying and mapping and carried out road data collection and processing activities within the scope of relevant laws and regulations when providing our technology services, which means that we have obtained the required consent provided by laws and regulations. In addition, we cooperate with qualified navigation service providers in our ride-hailing services, leveraging whose navigation and positioning functions without any other surveying and mapping-related licenses required of us.

Regulations Relating to Foreign Investment in Surveying and Mapping

Pursuant to the Interim Administrative Measures for the Surveying and Mapping Conducted by Foreign Organizations or Individuals in the PRC (《外國的組織或者個人來華測繪管理暫行辦法》), which were issued on January 19, 2007 and amended in April 27, 2011 and July 24, 2019, foreign organizations or individuals shall conduct surveying and mapping activities in the PRC by means of joint venture or cooperation with the domestic departments or entities, and shall not engage in some types of surveying and mapping activities, including compilation of navigation electronic maps. Pursuant to the Negative List, foreign investors are prohibited from investing in certain surveying and mapping business, including ground movement measurement and compilation of navigation electronic maps.

REGULATIONS RELATING TO VALUE-ADDED TELECOMMUNICATIONS SERVICES

Regulations Relating to Value-Added Telecommunications Services

The Telecommunications Regulations of the PRC (《中華人民共和國電信條例》) (the “**Telecommunications Regulations**”), which were promulgated by the State Council on September 25, 2000 and amended on July 29, 2014 and February 6, 2016, provide the regulatory framework for telecommunications services providers in the PRC. The Telecommunications Regulations categorize telecommunications services in the PRC into basic telecommunications services and value-added telecommunications services, and value-added telecommunications services are defined as telecommunications and information services provided through public network infrastructures. Under the Telecommunications Regulations, telecommunications services providers shall obtain operating licenses from the Ministry of Industry and Information Technology of the PRC (the “**MIIT**”) or its provincial counterparts prior to the commencement of operations.

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The Administrative Measures for Telecommunications Business Operating License (《電信業務經營許可管理辦法》) with latest amendments becoming effective from September 1, 2017 set forth more specific provisions regarding the types of licenses required for value-added telecommunications services and the qualifications and procedures for obtaining such licenses. The value-added telecommunications services operators providing value-added services across multiple provinces are required to obtain inter-regional licenses from the MIIT, whereas value-added telecommunications services operators providing such services within a single province are required to obtain local licenses from the provincial level counterparts.

The Administrative Measures on Internet Information Services (《互聯網信息服務管理辦法》) promulgated by the State Council on September 25, 2000 and amended on January 8, 2011 classify internet information services into either commercial internet information services or non-commercial internet information services. Commercial internet information services refer to paid services such as provisions of information or website production to online users via the internet. Companies engaged in commercial internet information services shall obtain the licenses for internet information services from the competent telecommunications authorities.

The Catalog of Classification of Telecommunications Services (《電信業務分類目錄》), attached to the Telecommunications Regulations and last amended on June 6, 2019 by the MIIT, divides information services business into information publication platform and delivery services, information search and inquiry services, information communities platform services, instant message services, and information security and management services.

In addition, the provision of application information services and application distribution services in the PRC is specially regulated by the Administrative Provisions on Mobile Internet Application Information Services (《移動互聯網應用程序信息服務管理規定》) (the “**APP Provisions**”), which was promulgated by the Cyberspace Administration of China (the “**CAC**”) on June 28, 2016 and last amended on June 14, 2022. According to the APP Provisions, the CAC and local offices of cyberspace administration shall be responsible for the supervision and administration of nationwide or local application information respectively. The application information service providers shall acquire relevant qualifications required by laws and regulations and implement the information security management responsibilities strictly and fulfill their obligations, including verifying user identity information, protecting users’ information, examining and managing information content, etc.

Regulations Relating to Foreign Investment in Value-Added Telecommunications Services

Foreign direct investment in telecommunications companies in the PRC is regulated by the Regulations for Administration of Foreign-invested Telecommunications Enterprises (《外商投資電信企業管理規定》) (the “**FITE Regulations**”), which were promulgated by the State Council on December 11, 2001 and amended on September 10, 2008 and February 6, 2016. The FITE Regulations require foreign-invested telecommunications enterprises in the PRC to be established as sino-foreign joint ventures. Unless otherwise stipulated by the State, the equity interest acquired by the foreign investors in such enterprises shall not exceed 50%. In addition,

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the foreign investors of the enterprises engaged in value-added telecommunications services must satisfy a number of stringent performance and operational experience requirements, including demonstrating a track record and experience in operating such business. The enterprises that meet these requirements shall obtain approvals from the MIIT and the MOFCOM or their authorized local branches, before launching the value-added telecommunications business in the PRC. Moreover, pursuant to the Negative List, foreign equity in enterprises providing value-added telecommunications business shall not exceed 50%, but such stipulation is not applied to e-commerce, domestic multi-party communications, store-and-forward and call centers services.

However, the State Council promulgated the Decision of the State Council on Revising and Repealing Certain Administrative Regulations (《國務院關於修改和廢止部分行政法規的決定》) on March 29, 2022, according to which the FITE Regulations was amended and such amendment has come into effect on May 1, 2022 (the “**New FITE Regulations**”). The New FITE Regulations, except as otherwise provided, no longer require stringent performance and operational experience of the foreign investors in the enterprises providing value-added telecommunications services. The foreign-invested telecommunications enterprises shall obtain approvals from the MIIT or its authorized local branches prior to the commencement of the value-added telecommunications business in the PRC. In addition, the New FITE Regulations simplify the application process for telecommunication business operation licenses and shorten the review period.

The Notice of the Ministry of Information Industry of the PRC (which is the predecessor of the “**MIIT**”) on Strengthening the Administration of Foreign Investment in and Operation of Value-added Telecommunications Business (《信息產業部關於加強外商投資經營增值電信業務管理的通知》) issued on July 13, 2006 requires foreign investors investing in and operating value-added telecommunications services in the PRC to set up foreign-invested enterprises and obtain licenses for such services. It prohibits domestic companies holding value-added telecommunications services licenses from leasing, transferring or selling their licenses in any form, or providing any resource, sites or facilities, to any foreign investors for their illegal operation of any telecommunications business in the PRC. In addition to restricting dealings with foreign investors, it contains a number of detailed requirements applicable to the operators of value-added telecommunications services, including that operators or their shareholders shall legally own the domain names and trademarks used in their daily operations and each operator must possess the necessary facilities for its approved business operations and maintain its facilities in the regions covered by its license.

According to the Notice of the MIIT regarding the Strengthening of Ongoing and Post Administration of Foreign-Invested Telecommunications Enterprises (《工業和信息化部關於加強外商投資電信企業事中事後監管的通知》) issued on October 15, 2020, the MIIT will no longer issue Examination Letter for Foreign Investment and Operation in Telecommunications Business (《外商投資經營電信業務審定意見書》). Foreign-invested enterprises would need to submit relevant foreign investment materials to the MIIT for obtainment or change of the licenses for operation of telecommunications business.

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REGULATIONS RELATING TO VEHICLE SERVICES

Regulations on the Automobile Sales

On April 5, 2017, the MOFCOM promulgated the Measures for the Administration of Automobile Sales (《汽車銷售管理辦法》) (the “Sales Measures”), which became effective on July 1, 2017. According to the Sales Measures, the dealers, defined as operators who acquire the automobile resources and conduct sales activities, shall within 90 days from the date of obtaining their business licenses, file the basic information with the “National Information Management System for Automobile Circulation” of the commerce authorities of the State Council. The dealers shall also report the number, type and other information of the automobile sales through such system as required by the commerce authorities of the State Council.

Regulations on the Motor Vehicle Maintenance

According to the Regulations on Road Transportation of the PRC (《中華人民共和國道路運輸條例》) promulgated by the State Council on April 30, 2004 and most recently amended on July 20, 2023, anyone who is engaged in operation of motor vehicle maintenance shall fill with the local transport authorities at the county level. The enterprises operating in the motor vehicle maintenance shall meet the following conditions: (1) having corresponding sites for motor vehicle maintenance; (2) having necessary equipment, facilities and technicians; (3) having a sound management system for motor vehicle maintenance; and (4) having necessary environmental protection measures.

The Provisions on the Administration of Motor Vehicle Maintenance (《機動車維修管理規定》), which were promulgated by the MOT on June 24, 2005 and last amended on November 10, 2023, stipulate that enterprises engaged in motor vehicle maintenance and operation business shall, after going through relevant registration procedures with the market regulatory authorities in accordance with the law, complete the record filing with the road transportation authorities at the county level in the place of their location. The business operations of motor vehicle maintenance shall be classified into four categories of business operations of auto maintenance, business operations of maintenance of vehicles that transport dangerous goods, business operations of motorcycle maintenance and business operations of other motor vehicle maintenance in light of the maintenance objects. Among them the business operations of auto maintenance shall be classified into business operations of Grades I, II and III in light of operational items and serving capabilities. The operators engaged in motor vehicle maintenance shall provide maintenance services within the filed business scope.

REGULATIONS RELATING TO THE PAYMENT SERVICES AND USER FUNDS

According to Measures for the Administration of Payment Services of Non-Financial Institutions (《非金融機構支付服務管理辦法》) which were promulgated by the PBOC on June 14, 2010, effective from September 1, 2010 and amended on April 29, 2020, and Implementing Rules for the Measures for the Administration of Payment Services of Non-Financial Institution (《非金融機構支付服務管理辦法實施細則》) which were promulgated by the PBOC, effective from December 1, 2010 and latest amended on September

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1, 2021, a non-financial institution which provides payment services as intermediary agencies between payers and payees, including online payment, issuance and acceptance of prepaid cards, bankcard acquiring and other payment services as determined by the PBOC must obtain a “Payment Business License” to provide payment services and qualifies as a paying institution. Specifically, the online payment refers to the activities of transferring monetary capital between payers and payees through public or private network, including money transfer, payment via the Internet, payment by mobile phone, payment by fixed-line telephone, payment by digital television. Without the approval of the PBOC, any non-financial institution or individual shall not engage in payment business whether directly or in a disguised form.

On May 9, 2019, the MOT, the PBOC, the NDRC, the MPS, the SAMR and China Banking and Insurance Regulatory Commission, jointly issued the Measures for the Administration of User Funds in New Forms of Transport Business (Trial) (《交通運輸新業態用戶資金管理辦法(試行)》) (the “**Trial Measures on Administration of User Funds**”), which became effective on June 1, 2019 and were amended on June 23, 2022. According to the Trial Measures on Administration of User Funds, the “new forms of transport business” refer to the construction of a service platform based on the internet and other information technologies, the integration of supply and demand information and the innovation of service mode, technology and management to engage in transportation service business, including ride-hailing, time-share car rental and online bicycle rental. An operating enterprise engaging in new forms of transport business shall open a special deposit account for user deposits and a special deposit account for prepayments, respectively, as are nationwide unique at the bank in the place of its registration in Mainland China, and the bank where the special deposit accounts are opened shall be the depository bank to preserve user funds. User deposits shall be the property of users, which cannot be misappropriated by any entities. In addition, an entity may use prepayments by its customers exclusively for its main business relating to services provided to its customers, rather than other activities, such as investing in real estate, equity, securities and debentures, or other lending. The entity shall set up a reserve system of prepayments by its customers, and the reserve shall not fall under 40% of the balance of all prepayments.

REGULATIONS RELATING TO INFORMATION SECURITY AND CENSORSHIP

Internet content in China is regulated and restricted from a state security standpoint. The SCNPC enacted the Decisions on the Maintenance of Internet Security (《關於維護互聯網安全的決定》) on December 28, 2000, which was amended on August 27, 2009, that may subject persons to criminal liabilities in China for any attempt to: (i) gain improper entry to a computer or system of strategic importance; (ii) disseminate politically disruptive information; (iii) leak state secrets; (iv) spread false commercial information or (v) infringe upon intellectual property rights.

On June 22, 2007, the MPS, National Administration of State Secrets Protection, State Council Information Office (abolished) and State Cryptography Administration issued the Administrative Measures for the Hierarchical Protection of Information Security (《信息安全等級保護管理辦法》), which regulate that the security protection of an information system may be graded into five. As for an information system of Grade II or above which has been put into operation, its operator or user shall, within 30 days since the date when its security

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protection grade is determined, complete the record-filing procedures at the local public security organ at the level of city divided into districts or above. For an information system of Grade II or above newly built, its operator or user shall, within 30 days after it is put into operation, complete the record-filing procedures at the local public security organ at the level of municipality divided into districts or above.

According to the Regulations of the PRC 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》), which were issued by the State Council on February 18, 1994 and amended on January 8, 2011, securing computer information systems includes safeguarding the computer and its related and supporting sets of equipment and facilities (including network), the operating environment and information and ensuring the normal performance of computer functions, so as to maintain the safe operation of computer information systems.

In 1997, the MPS issued the Administration Measures on the Security Protection of Computer Information Network with International Connections (《計算機信息網絡國際聯網安全保護管理辦法》), which were amended by the State Council on January 8, 2011 and prohibit using the Internet in ways which, among others, result in a leakage of state secrets or a spread of socially destabilizing content.

On November 7, 2016, the SCNPC promulgated the Cybersecurity Law of the PRC (《中華人民共和國網絡安全法》), which became effective on June 1, 2017, pursuant to which, network operators shall comply with laws and regulations and fulfill their obligations to safeguard security of the network when conducting business and providing services. Those who provide services through networks shall take technical measures and other necessary measures pursuant to laws, regulations and compulsory national requirements to safeguard the safe and stable operation of the networks, respond to cybersecurity incidents effectively, prevent illegal and criminal activities, and maintain the integrity, confidentiality and usability of network data, and the network operator shall not collect the personal information irrelevant to the services it provides or collect or use the personal information in violation of the provisions of laws or agreements between both parties, and operators of critical information infrastructure shall store within the territory of the PRC all the personal information and important data collected and produced within the territory of PRC. Their purchase of network products and services that affect or may affect national security shall be subject to national cybersecurity review.

On December 28, 2021, the CAC together with 12 other authorities, jointly promulgated the Measures for Cybersecurity Review (the “**CAC Measures**”) (《網絡安全審查辦法》), which took effect on February 15, 2022 and replaced its previous version promulgated on April 13, 2020. The CAC Measures provide that: (i) where a member of the cybersecurity review working mechanism believes that a network product or service or data processing activity affects or may affect national security, the Office of Cybersecurity Review shall report the same to the CAC for approval under procedures and then conduct the cybersecurity review per the Measures for Cybersecurity Review; (ii) the CSRC is one of the regulatory authorities for purposes of jointly establishing the state cybersecurity review mechanism; (iii) in addition to critical information infrastructure operators purchasing network products or services that affects or may affect national security, any “online platform operator” possessing the personal

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information of more than 1 million users and intending to go list abroad shall file for cybersecurity review; and (iv) the risks of core data, important data or large amounts of personal information being stolen, leaked, destroyed, damaged, illegally used or transmitted to overseas parties, and the risks of critical information infrastructure, core data, important data or large amounts of personal information being influenced, controlled or used maliciously shall be collectively taken into consideration during the cybersecurity review process.

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 took effect in September 2021. The PRC 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. In addition, the PRC Data Security Law provides that important data processors shall appoint a data security officer and establish a management department to take charge of data security, and such processors shall evaluate the risk of their data activities periodically and file assessment reports with the relevant regulatory authorities.

On July 30, 2021, the State Council issued the Regulations for the Security Protection of Critical Information Infrastructure (《關鍵信息基礎設施安全保護條例》) (the “**CII Regulations**”), which took effect on September 1, 2021. Pursuant to the CII Regulations, “critical information infrastructures” refer to important network facilities and information systems of important industries and sectors such as public communications and information services, energy sources, transport, water conservation, finance, public services, e-government, and science and technology industry for national defense, as well as other important network facilities and information systems that may have severe impact on national security, national economy and citizen’s livelihood and public interests if they are damaged or suffer from malfunctions, or if any leakage of data in relation thereto occurs.

On July 7, 2022, the CAC issued the Measures for the Security Assessment of Data Cross-border Transfer (《數據出境安全評估辦法》) which took effective on September 1, 2022. The Measures for the Security Assessment of Data Cross-border Transfer require that any data processor providing important data and personal information collected and generated during operations within the territory of the PRC that should be subject to security assessment according to law to an overseas recipient shall conduct security assessment. It provides five circumstances, under any of which data processors shall, through the local cyberspace administration at the provincial level, apply to the national cyberspace administration for security assessment of data cross-border transfer. These circumstances include: (i) where the data to be transferred to an overseas recipient is personal information collected and generated by operators of critical information infrastructure; (ii) where the data to be transferred to an overseas recipient contain important data; (iii) where a personal information processor that has processed personal information of more than one million people provides personal information abroad; (iv) where the personal information of more than 100,000 people or sensitive personal

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information of more than 10,000 people are transferred abroad accumulatively since January 1 of the previous year; or (v) other circumstances under which security assessment of data cross-border transfer is required as prescribed by the national cyberspace administration.

On November 14, 2021, the CAC published a discussion draft of the Regulations for the Administration of Network Data Security (《網絡數據安全管理條例(徵求意見稿)》) (the “**Draft Data Security Regulations**”), which provides that data processors conducting the following activities shall apply for cybersecurity review: (i) merger, reorganization or separation of network platform operators that have acquired a large number of data resources related to national security, economic development or public interests which affects or may affect national security; (ii) listing abroad (國外上市) 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. We are not required to apply for cybersecurity review based on the fact that we have conducted a real-name telephone consultation and communication with the China Cybersecurity Review Technology and Certification Center (the “**CCRC**”) on July 18, 2023. In addition, the CCRC did not raise any objection to the proposed Listing in Hong Kong, nor did the CCRC give any specific instructions requiring, directly or indirectly, us to apply for cybersecurity review for the proposed Listing. Furthermore, the CCRC also confirmed that a listing in Hong Kong does not fall within the scope of the term of “listing abroad” under Article 7 of the Measures for Cybersecurity Review. The Draft Data Security Regulations also state that data processors processing important data or going public overseas (境外上市) shall conduct an annual data security assessment by themselves or entrust a data security service institution to do so, and submit the data security assessment report of the previous year to the local branch of CAC at the municipal level before January 31, of each year. In addition, the Draft Data Security Regulations also require network platform operators to establish platform rules, privacy policies and disclosure system of algorithm strategies related to data, and solicit public comments on their official websites and personal information protection related sections for no less than 30 working days when they formulate platform rules or privacy policies or makes any amendments that may have a significant impact on users’ rights and interests. Further, platform rules and privacy policies formulated by operators of large Internet platforms with more than 100 million daily active users, or amendments to such rules or policies by operators of large Internet platforms with more than 100 million daily active users that may have significant impacts on users’ rights and interests shall be evaluated by a third-party organization designated by the CAC and reported to local branch of the CAC and telecommunications authority at or above the provincial level for approval. The CAC solicited comments on this draft, but there is no timetable as to when it will be enacted.

On December 8, 2022, the MIIT issued the Measures for Data Security Administration in the Industry and Information Technology Field (Trial Implementation) (《工業和信息化領域數據安全管理辦法(試行)》), which became effective on January 1, 2023. The industrial and telecommunication data processors are under obligations regarding the implementation of data security work system, administration of cryptography management, data collection, data storage, data usage, data transmission, provision of data, publicity of data, data destruction, safety audit and emergency plans, etc.

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REGULATIONS ON PRIVACY PROTECTION

On December 13, 2005, the MPS issued the Regulations on Technological Measures for Internet Security Protection (《互聯網安全保護技術措施規定》) (the “**Internet Protection Measures**”) which took effect on March 1, 2006. The Internet Protection Measures require Internet service providers to take proper measures including anti-virus, data back-up and other related measures, and to keep records of certain information about their users (including user registration information, log-in and log-out time, IP address, content and time of posts by users) for at least 60 days, and detect illegal information, stop transmission of such information, and keep relevant records. Internet services providers are prohibited from unauthorized disclosure of users’ information to any third parties unless such disclosure is required by the laws and regulations. They are further required to establish management systems and take technological measures to safeguard the freedom and secrecy of the users’ correspondences.

On December 29, 2011, the MIIT promulgated the Several Provisions on Regulating the Market Order of Internet Information Service (《規範互聯網信息服務市場秩序若干規定》), becoming effective on March 15, 2012, which stipulate that without the consent of users, Internet information service providers shall not collect information relevant to the users that can lead to the recognition of the identity of the users independently or in combination with other information (hereinafter referred to as “**personal information of users**”), nor shall they provide personal information of users to others, unless otherwise provided by laws and administrative regulations. The Several Provisions on Regulating the Market Order of Internet Information Service also require that Internet information service providers shall properly keep the personal information of users; if the preserved personal information of users is divulged or may possibly be divulged, Internet information service providers shall immediately take remedial measures; where such incident causes or may cause serious consequences, they shall immediately report the same to the telecommunications administration authorities that grant them with the Internet information service license or filing and cooperate in the investigation and disposal carried out by relevant departments.

On December 28, 2012, the SCNPC promulgated the Decision on Strengthening Information Protection on Networks (《關於加強網絡信息保護的決定》) to enhance the protection of information security and privacy on the Internet. In particular, network service providers and other enterprises and institutions shall, when gathering and using electronic personal information in business activities, adhere to the principles of lawfulness, legitimacy and necessity, explicitly state the purposes, manners and scopes of the collection and use of information, and obtain the consent of those from whom information is collected, and shall not collect and use information in violation of laws and regulations and the agreement between both sides; strictly keep the electronic personal information collected in business activities confidential and may not divulge, alter, damage, sell, or illegally provide others with such information; take technical and other necessary measures to ensure information security and prevent the leakage, damage, or loss of personal electronic information collected in business activities; and take remedial measures immediately when information leakage, damage or loss occurs or may occur.

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In July 2013, the MIIT promulgated the Provisions on Protection of Personal Information of Telecommunication and Internet Users (《電信和互聯網用戶個人信息保護規定》) to regulate the collection and use of users' personal information in the provision of telecommunication services and Internet information services in the PRC. According to such provisions, the personal information includes a user's name, birth date, identification card number, address, phone number, account name, password and other information that can be used for identifying a user independently or in combination with other information. Telecommunication business operators and Internet service providers are required to constitute their own rules for the collecting and use of users' information and they cannot collect or use user's information without users' consent. Telecommunication business operators and Internet service providers must specify the purposes, manners and scopes of information collection and uses, obtain consent of the relevant users, and keep the collected personal information confidential. Telecommunication business operators and Internet service providers are prohibited from disclosing, tampering with, damaging, selling or illegally providing others with, collected personal information. Telecommunication business operators and Internet service providers are required to take technical and other measures to prevent the collected personal information from any unauthorized disclosure, damage or loss.

On 28 June 2016, the CAC promulgated the Administrative Provisions on Mobile Internet Application Information Services (《移動互聯網應用程序信息服務管理規定》), or the Mobile Application Administrative Provisions, which became effective on 1 August 2016. Pursuant to the Mobile Application Administrative Provisions, a mobile Internet App refers to an app software that runs on mobile smart devices providing information services after being pre-installed, downloaded or embedded through other means. Mobile Internet App providers refer to the owners or operators of mobile Internet Apps. Internet app stores refer to platforms which provide services related to online browsing, searching and downloading of app software and releasing of development tools and products through the internet. Pursuant to the Mobile Application Administrative Provisions, an Internet App programme provider must verify a user's mobile phone number and other identity information under the principle of mandatory real name registration at the back-office end and voluntary real name display at the front-office end. An Internet App provider must not enable functions that can collect a user's geographical location information, access user's contact list, activate the camera or recorder of the user's mobile smart device or other functions irrelevant to its services, nor is it allowed to conduct bundle installations of irrelevant app programmes, unless it has clearly indicated to the user and obtained the user's consent on such functions and app programmes. On 14 June 2022, the CAC issued a revised version of the Administrative Provisions on Mobile Internet Application Information Services (《移動互聯網應用程序信息服務管理規定》), or the revised version of Mobile Application Administrative Provisions, which basically reflected the regulatory development since 2016 and further emphasises that mobile Internet App providers shall comply with relevant provisions on the scope of necessary personal information when engaging in personal information processing activities. According to the revised version of Mobile Application Administrative Provisions, mobile Internet App providers shall not compel users to agree to non-essential personal information collection out of any reason, and are prohibited from banning users from their basic functional services due to the users' refusal of providing non-essential personal information.

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On May 8, 2017, the Supreme People's Court and the Supreme People's Procuratorate released the Interpretations of the Supreme People's Court and the Supreme People's Procuratorate on Several Issues Concerning the Application of Law in the Handling of Criminal Cases Involving Infringement of Citizens' Personal Information (《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》) (the “**Interpretations**”), effective from June 1, 2017. The Interpretations clarify several concepts regarding the crime of “infringement of citizens' personal information” stipulated by Article 253A of the Criminal Law of the PRC (《中華人民共和國刑法》), including “citizen's personal information”, “provision”, and “unlawful acquisition”. Also, the Interpretations specify the standards for determining “serious circumstances” and “particularly serious circumstances” of this crime. Pursuant to the Ninth Amendment to the PRC Criminal Law (《中華人民共和國刑法修正案(九)》) issued by the SCNPC in August 2015 and became effective in November 2015, under certain serious situations, an internet service provider that fails to fulfill the obligations related to the internet information security administration as required by the applicable laws and refuses to rectify upon orders, shall be subject to criminal penalty.

According to the Cybersecurity Law of the PRC, network operator shall not collect personal information irrelevant to the services it provides or collect or use personal information in violation of the provisions of laws or agreements between both parties.

On November 28, 2019, the CAC, the MIIT, the MPS and the SAMR jointly issued the Notice of Illegal Collection and Use of Personal Information by APP (《APP違法違規收集使用個人信息行為認定方法》), which lists six types of illegal collection and usage of personal information.

Pursuant to the PRC Civil Code (《中華人民共和國民法典》), which was promulgated by the National People's Congress on May 28, 2020, and became effective on January 1, 2021, the personal information of a natural person shall be protected by law. Any organization or individual that needs to collect, use, process, transmit, offer, disclose the personal information of others shall pursuant to the law and ensure information security, and may neither illegally collect, use, process or transmit the personal information of others, nor illegally trade, provide or disclose the personal information of others. Anyone whose civil rights and civil interests, including personal information, are infringed upon shall have the right to seek tort liability against the infringer.

On March 12, 2021, the CAC, the MIIT, the MPS and the SAMR jointly issued the Rules on the Scope of Necessary Personal Information for Common Types of Mobile Internet Applications (《常見類型移動互聯網應用程序必要個人信息範圍規定》) (the “**Necessary Personal Information Rules**”), which came into effect on May 1, 2021. According to the Necessary Personal Information Rules, mobile App operators shall not deny users' access to its basic functions and services on the basis that such user disagrees with the provision of their personal information that is not necessary. The Necessary Personal Information Rules further provide relevant scopes of necessary personal information for different types of mobile Apps.

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On August 16, 2021, the CAC, joint with MIIT and other government authorities, promulgated Several Provisions for the Administration of the Automobile Data Security (Interim) (《汽車數據安全管理若干規定(試行)》), (the “**Automobile Data Security Provisions**”), effective as of October 1, 2021. Pursuant to the Automobile Data Security Provisions, automobile data includes the personal information and important data generated from the designing, producing, selling, using and maintaining of automobiles. The “important data” refers to the data that might harm the national security, public interest or the rightful interest of individuals and associations once revised, destroyed, leaked or illegally obtained or used. Automobile data operators refer to organizations that conduct automobile data operating activity according to the Automobile Data Security Provisions, including collecting, storing, using, processing, transferring, providing, disclosing automobile data. Furthermore, automobile data operators shall conduct risk assessment for their important data operating activities, and report it to relevant government authorities. When an automobile data operator needs to make a cross-border transferring of important data for business purpose, such operator needs to pass the security assessment organised by CAC and other relevant government authorities, and shall not provide important data beyond the security assessment range.

On August 20, 2021, the SCNPC promulgated the Personal Information Protection Law (《個人信息保護法》), which took effect on November 1, 2021. The Personal Information Protection Law requires, among others, that (i) the processing (including the collection, storage, use, processing, transmission, provision, disclosure and deletion) of personal information shall follow the principles of lawfulness, legitimacy, necessity and good faith, and the personal information shall not be processed through misleading, fraudulent, coercive and other means, (ii) the processing of personal information should have a clear and reasonable purpose which should be directly related to the processing purpose, in a method that has the least impact on personal rights and interests, and the collection of personal information should be limited to the minimum scope necessary to achieve the processing purpose to avoid the excessive collection of personal information. Personal information processor processing personal information bear responsibilities for their activities of processing personal information, and shall adopt necessary measures to safeguard the security of the personal information that they process.

On 31 December 2021, the CAC, the MIIT, the Ministry of Public Security, the Ministry of State Security jointly promulgated the Administrative Provisions on Internet Information Service Algorithm Recommendation (《互聯網信息服務算法推薦管理規定》), which came into effect on 1 March 2022. The Administrative Provisions on Internet Information Service Algorithm-Based Recommendation implements classification and hierarchical management for algorithm recommendation service providers based on varies criteria. Moreover, it requires algorithmic recommendation service providers to provide users with options that are not specific to their personal characteristics, or provide users with convenient options to cancel algorithmic recommendation services. If the users choose to cancel the algorithm recommendation service, the algorithm recommendation service provider must immediately stop providing relevant services. Algorithmic recommendation service providers must also provide users with the function to select or delete user labels that are based on personal characteristics and used for algorithmic recommendation services.

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The Administrative Provisions on the Account Information of Internet Users (《互聯網用戶賬號信息管理規定》), which was promulgated by the CAC on June 27, 2022 and became effective on August 1, 2022, sets out guidelines on the provision the account information of Internet users. Internet-based information service providers shall perform their responsibilities as the administrative subjects of the account information of Internet users, have in place professionals and technical capacity appropriate to the scale of services, and establish, improve and strictly implement the authentication of real identity information, verification of account information, security of information content, ecological governance, emergency responses, protection of personal information and other management systems.

REGULATIONS RELATING TO INTELLECTUAL PROPERTY

Trademark

The Trademark Law of the PRC (《中華人民共和國商標法》) promulgated by the SCNPC on August 23, 1982, effective since March 1, 1983, and last amended on April 23, 2019 and the Implementation Regulation for the Trademark Law of the PRC (《中華人民共和國商標法實施條例》) promulgated by the State Council on August 3, 2002, last amended on April 29, 2014, and effective since May 1, 2014 provide the basic legal framework for administration of the trademarks in the PRC. Trademarks registered with the Trademark Office of China National Intellectual Property Administration are registered trademarks, including commodity trademarks, service trademarks, collective marks and certificate marks. Trademark registrants enjoy the exclusive right to use their registered trademarks and are protected by law. Trademark registrations in the PRC follow a “first-to-file” principle and are valid for a renewable ten-year period from the date of the approval of registration, unless otherwise revoked. An application for registration of a trademark may be rejected if the trademark is identical or similar to a trademark that has already been registered or given preliminary examination and approval for use on the same kind of or similar commodities or services. Any person applying for the registration of a trademark may not prejudice the existing right first obtained by others, nor may any person register in advance a trademark that has already been used by another party and has already gained a “sufficient degree of reputation” through such party’s use.

Patent

Pursuant to the Patent Law of the PRC (《中華人民共和國專利法》) promulgated by the SCNPC on March 12, 1984, last amended on October 17, 2020, and effective since June 1, 2021 and the Implementing Rules of the Patent Law of the PRC (《中華人民共和國專利法實施細則》) promulgated by the State Council on June 15, 2001, effective since July 1, 2001, and last amended on December 11, 2023, there are three types of patents, namely, invention, utility model and design. The duration of patent rights for inventions shall be twenty years, the duration of patent rights for utility models shall be ten years, and the duration of patent rights for designs shall be fifteen years, commencing from the date of application. The PRC patent system adopts a “first-to-file” principle, which means where more than one person files a patent application for the same invention, a patent will be granted to the person who files the application first. Any invention or utility model for which patent rights may be granted must

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meet three criteria: novelty, inventiveness and practical applicability. Unless otherwise provided by other laws and regulations, a third party is required to obtain consent or a proper license from the patent holder to use the patent. Otherwise, the use of the patent will constitute an infringement of the rights of the patent holder.

Copyright

Copyright in the PRC, including software copyright is mainly protected under the Copyright Law of the PRC (《中華人民共和國著作權法》), promulgated by the SCNPC on September 7, 1990, effective since June 1, 1991, and last amended on November 11, 2020 and the Implementing Regulations for the Copyright Law of the PRC (《中華人民共和國著作權法實施條例》), promulgated by the State Council on August 2, 2002, effective since September 15, 2002, and last amended on January 30, 2013. Pursuant to such laws and regulations, PRC citizens, legal persons and unincorporated organizations shall enjoy copyright in their works in the domain of literature, art and science, regardless of whether the works are published. The author of a work shall enjoy copyright upon completion of the work and registration of copyright is voluntary. Copyright holders can enjoy multiple rights including right of publication, right of authorship and right of reproduction. The term of protection of copyrighted software is 50 years.

Pursuant to the Computer Software Protection Regulations (《計算機軟件保護條例》), promulgated by the State Council on June 4, 1991, effective since October 1, 1991, and last amended on January 30, 2013, PRC citizens, legal persons and other organizations shall enjoy copyright in the software they develop, regardless of whether the software has been released publicly. Software copyright holders may register their rights with the software registration institution recognized by the copyright administration department under the State Council. The registration certificate documents issued by the software registration institution is a preliminary proof of the registered items. The Computer Software Copyright Registration Measures (《計算機軟件著作權登記辦法》), promulgated by National Copyright Administration and effective since February 20, 2002 regulate registrations of software copyright, exclusive licensing contracts for software copyright and transfer contracts. Under the Computer Software Copyright Registration Measures, National Copyright Administration of China is the competent authority for the management of software copyright registration nationwide and Copyright Protection Center of China (the “CPCC”) is designated as the software registration authority. Although software registration is not mandatory, software owners, licensees, and transferees are encouraged to complete the registration process for better protections.

Domain Name

Internet domain name registration and related matters are principally regulated by the Administrative Measures for Internet Domain Names (《互聯網域名管理辦法》) promulgated by the MIIT on August 24, 2017 and effective since November 1, 2017 and the Implementation Rules for the Registration of National Top-level Domain Names (《國家頂級域名註冊實施細則》) issued by China Internet Network Information Center on June 18, 2019. Domain name

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registrations are handled through domain name service agencies established under the relevant regulations. The domain name system follows a “first-to-file” principle, and the applicants become domain name holders upon completion of the registration process. “.CN” and “.zhongguo (in Chinese character)” shall be the ccTLDs of the PRC. Any party that applies for registration of the ccTLDs of “.CN” or “.zhongguo (in Chinese character)” or provides services related to domain name registration shall comply with the Implementation Rules for the Registration of National Top-level Domain Names.

REGULATIONS RELATING TO TAX

Enterprise Income Tax

Pursuant to the Enterprise Income Tax Law of the PRC (《中華人民共和國企業所得稅法》) promulgated by the SCNPC on March 16, 2007, effective since January 1, 2008, and last amended on December 29, 2018 and the Regulations for the Implementation of the Enterprise Income Tax Law (《中華人民共和國企業所得稅法實施條例》) promulgated by the State Council on December 6, 2007, effective since January 1, 2008, and last amended on April 23, 2019 (collectively, the “**EIT Laws**”), taxpayers consist of resident enterprises and non-resident enterprises. Resident enterprises are defined as enterprises that are established in China in accordance with the PRC laws, or that are established in accordance with the laws of foreign countries but whose actual or de facto control entity is within the PRC. Non-resident enterprises are defined as enterprises that are established in accordance with the laws of foreign countries and whose actual or de facto control entity is located outside the PRC, but have established institutions or premises in the PRC, or have no such institutions or premises in the PRC but have income generated from inside the PRC. According to the EIT Laws, the enterprise income tax is levied at a uniform rate of 25%. However, if a non-resident enterprise has not formed any permanent establishment or premise in the PRC, or if a non-resident enterprise has formed a permanent establishment or premise in the PRC but there is no actual relationship between the income derived in the PRC and the permanent establishment or premise formed by it, the enterprise income tax is levied at the rate of 10% with respect to its dividends income sourced from inside the PRC.

The Notice of the STA Regarding the Determination of Chinese-Controlled Offshore Incorporated Enterprises as the PRC Tax Resident Enterprises on the Basis of De Facto Management Bodies (《國家稅務總局關於境外註冊中資控股企業依據實際管理機構標準認定為居民企業有關問題的通知》) promulgated on April 22, 2009 and last amended on December 29, 2017 provides the standards and procedures for determining whether a Chinese-controlled offshore incorporated enterprises is the resident enterprises with its “de facto management body” located within the PRC.

Under the Public Announcement on Several Issues Concerning Enterprise Income Tax for Indirect Transfer of Assets by Non-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》) promulgated by the STA on February 3, 2015 and last amended on December 29, 2017, if a non-resident enterprise evades its obligation to pay enterprise income

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tax by implementing an arrangement without reasonable commercial purposes to indirectly transfer assets such as the equity interest of a PRC resident enterprise, such indirect transfer shall be deemed as a direct transfer of assets in accordance with the Article 47 of the Enterprise Income Tax Law of the PRC.

Pursuant to Announcement of the STA on Issues Relating to Withholding at Source of Income Tax of Non-resident Enterprises (《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》) promulgated on October 17, 2017, effective since December 1, 2017, and amended on June 15, 2018, tax authorities may seek payment of tax arrears and late fees payable from other income of a non-PRC resident enterprise within the territory of the PRC if such non-PRC resident enterprise fails to comply with tax obligations.

The Law of the PRC on the Administration of Tax Collection (《中華人民共和國稅收徵收管理法》) promulgated by the SCNPC on September 4, 1992, effective since January 1, 1993 and last amended on April 24, 2015 is enacted to regulate tax collection management and tax payment. According to the law, if a taxpayer fails to pay taxes or a withholding agent fails to remit taxes in accordance with a prescribed period, the tax authorities shall impose an overdue payment of 0.05% of the amount of tax in arrears on a daily basis, commencing on the day the tax payment was defaulted.

Pursuant to the Administrative Measures for Accreditation of High-tech Enterprises (《高新技術企業認定管理辦法》), effected on January 1, 2008 and amended on January 29, 2016, enterprises that are recognized as high-tech enterprises are entitled to enjoy the preferential enterprise income tax rate of 15% in accordance with the Enterprise Income Tax Law of the PRC. The high-tech enterprise certificate is valid for three years from the date of issuance. An enterprise can re-apply for the high-tech enterprise certificate after it expires.

Value-added Tax

According to the Provisional Regulations on Value-added Tax of the PRC (《中華人民共和國增值稅暫行條例》) promulgated by the State Council on December 13, 1993, effective since January 1, 1994, and last amended on November 19, 2017, and the Detailed Rules for the Implementation of the Provisional Regulations on Value-added Tax of the PRC (《中華人民共和國增值稅暫行條例實施細則》) promulgated by the Ministry of Finance (the “MOF”) and the STA on December 15, 2008, effective since January 1, 2009, and amended on October 28, 2011, all enterprises and individuals engaging in the sale of goods and provision of processing, repair and replacement services, sales of services, intangible assets and immovable assets, and importation of goods within the territory of the PRC shall pay value-added taxes. As required by the Notice of the MOF and the STA on Implementing the Pilot Program of Replacing Business Tax with Value-Added Tax in an All-round Manner (《財政部、國家稅務總局關於全面推開營業稅改徵增值稅試點的通知》) promulgated on March 23, 2016, effective since May 1, 2016 and last amended on March 20, 2019, enterprises and individuals engaging in the sales of services, intangible assets or immovable assets within the territory of the PRC shall pay value-added tax instead of business tax.

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Pursuant to the Notice of the MOF and the STA on Adjusting Value-added Tax Rates (《財政部、國家稅務總局關於調整增值稅稅率的通知》) promulgated on April 4, 2018, where a taxpayer engages in taxable sales of value-added tax or imports goods, the previous applicable tax rates of 17% and 11% are adjusted to 16% and 10% respectively. Furthermore, pursuant to the Announcement of the MOF, the STA and the General Administration of Customs on Relevant Policies for Deepening Value-added Tax Reform (《關於深化增值稅改革有關政策的公告》) promulgated on March 20, 2019 and effective since April 1, 2019, with respect to taxable sales of value-added tax or imports of goods, the previous applicable value-added tax rates of 16% and 10% of general value-added taxpayers shall be adjusted to 13% and 9% respectively.

Dividend Withholding Tax

Pursuant to (i) the Arrangement Between Mainland of the PRC and Hong Kong Special Administrative Region for the Avoidance of Double Taxation and Prevention of Fiscal Evasion with Respect to Taxes on Income (《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》) promulgated by the STA on August 21, 2006, (ii) the Circular of the STA on Relevant Issues relating to the Implementation of Dividend Clauses in Tax Treaty Agreements (《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》) promulgated by the STA on February 20, 2009 and other relevant PRC laws and regulations, the withholding tax rate for dividends paid by a PRC resident enterprise to a Hong Kong resident enterprise may be reduced to 5% from a standard rate of 10% if the Hong Kong resident enterprise directly holds at least 25% of the equity interests in the PRC resident enterprise. To enjoy the reduced withholding tax rate, the Hong Kong resident enterprise must: (a) be a company; (b) directly own the required percentage of equity interests and voting rights in the PRC resident enterprise; and (c) have directly owned such required percentage in the PRC resident enterprise within the 12 consecutive months prior to the dividend being paid. In addition, the Announcement on Issues Regarding Beneficial Owners under Tax Treaties (《關於稅收協定中“受益所有人”有關問題的公告》), promulgated by the STA on February 3, 2018 and effective since April 1, 2018 addresses the methods to determine a “beneficial owner” under dividend, interest, and royalty provisions in double tax treaties between Mainland of the PRC and Hong Kong.

Under the Administrative Measures for Non-Resident Taxpayers to Enjoy Treatments (《非居民納稅人享受協定待遇管理辦法》) promulgated by the STA on October 14, 2019, effective since January 1, 2020, qualified non-resident taxpayers can enjoy benefits under tax treaties by themselves without approval from the tax authorities at the time of filing their tax returns or making withholding declarations through withholding agents, subject to subsequent administration by the tax authorities.

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REGULATIONS RELATING TO LABOUR

Regulations on Employment

The principle laws and regulations that govern employment include: (i) the Labour Law of the PRC (《中華人民共和國勞動法》), promulgated by the SCNPC on July 5, 1994, effective since January 1, 1995, and last amended on December 29, 2018; (ii) the Labour Contract Law of the PRC (《中華人民共和國勞動合同法》), promulgated by the SCNPC on June 29, 2007, effective since January 1, 2008, and amended on December 28, 2012; and (iii) the Implementation Regulations of the Labour Contract Law of the PRC (《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.

According to the laws and regulations above, employers shall enter into employment agreements in writing with employees and shall pay wages timely. Wages shall not be lower than local standards on minimum wages. At the time of hiring, employers shall inform employees in good faith of the scope of work, working conditions, locations of workplace, occupational hazards, work safety, compensation, and other information requested by employees. Employers are required to establish and improve their system of workplace safety and sanitation, strictly comply with national rules and standards, and provide employees with safety and sanitation training. Violations of the laws and regulations above may result in the imposition of fines and other administrative penalties. For serious violations, criminal liability may arise.

Regulations on Labor Dispatch

Under the Interim Provisions on Labour Dispatch (《勞務派遣暫行規定》) promulgated by the MHRSS on January 24, 2014 and effective since March 1, 2014, employers shall only use dispatched workers in temporary, ancillary or substitute positions. The term “temporary position” means a position that exist for no more than six months; the term “ancillary position” means a position of non-primary business that provides services to positions of primary business; and the term “substitute position” means a position that can be substituted by other workers for a certain period when the workers who originally hold such positions are unable to work for reasons such as being off work for full-time study or on leave. Employers shall strictly control the number of dispatched workers, which shall not exceed 10% of the total number of their workers. Any employer that uses workers in the way of labour dispatch but describes it as contracting or outsourcing shall be governed by the Interim Provisions on Labour Dispatch.

Regulations on Social Insurance and Housing Fund

The main laws and regulations on social insurance include: (i) the Social Insurance Law of the PRC (《中華人民共和國社會保險法》) promulgated by the SCNPC on October 28, 2010, effective since July 1, 2011 and amended on December 29, 2018; (ii) the Interim Regulations on the Collection and Payment of Social Insurance Premiums (《社會保險費徵繳暫行條例》) promulgated by the State Council on January 22, 1999 and amended on March 24,

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2019; (iii) the Decisions on the Establishment of a Unified Program for Basic Old-Aged Pension Insurance of the State Council (《國務院關於建立統一的企業職工基本養老保險制度的決定》) promulgated on July 16, 1997; (iv) the Decisions on the Establishment of the Medical Insurance Program for Urban Workers of the State Council (《國務院關於建立城鎮職工基本醫療保險制度的決定》) promulgated on December 14, 1998; (v) the Regulation on Work-related Injury Insurance (《工傷保險條例》) promulgated by the State Council on April 27, 2003, effective since January 1, 2004, amended on December 20, 2010; (vi) the Regulations on Unemployment Insurance (《失業保險條例》) promulgated by the State Council on January 22, 1999; and (vii) the Tentative Measures for Maternity Insurance of Employees of Corporations (《企業職工生育保險試行辦法》) promulgated by the Ministry of Labour on December 14, 1994. Pursuant to the above laws and regulations, employers shall provide employees with and employees shall participate in social insurance schemes covering basic pension insurance, basic medical insurance, unemployment insurance, work-related injury insurance and maternity insurance. Employers shall pay work-related injury insurance premiums and maternity insurance premiums. Basic pension insurance premiums, basic medical insurance premiums, and unemployment insurance premiums shall be paid jointly by employers and employees. Employers are required to apply for social insurance registration within 30 days of its formation, and apply for social insurance registration for an employee within 30 days of the date of employment. If an employer fails to timely register the social insurance, the employer will be ordered to rectify within a stipulated period; if the employer fails to timely rectify, the social insurance administrative department shall impose fines on the employer and its directly liable person. Any employer that fails to pay social insurance premiums on time and in full shall be ordered to make full payment within a stipulated period and fined for overdue payment; if the employer fails to timely make full payment, the relevant administrative department shall impose a fine of one to three times the amount of overdue payment on it.

As required by the Regulations on the Management of Housing Provident Funds (《住房公積金管理條例》) promulgated on April 3, 1999 and last amended on March 24, 2019 and the Guiding Opinions on Several Issues concerning the Management of the Housing Provident (《關於住房公積金管理若干具體問題的指導意見》) promulgated on January 10, 2005, employers shall register for housing provident funds at local housing fund administration centers within 30 days of its formation and shall open accounts and fully deposit housing funds for employees on time. The contribution rate of housing funds should not be less than 5% of the average monthly salary of the employee in the previous year, and cities may properly raise the contribution rate. Any employer that fails to contribute housing fund on time shall be ordered by the housing fund administration center to rectify within a stipulated period; if the employer fails to timely rectify, the housing fund administration center may apply to a court for enforcement.

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REGULATIONS RELATING TO FOREIGN EXCHANGE

Regulations on Foreign Currency Exchange

Foreign currency exchange in the PRC is principally governed by the Foreign Exchange Administration Regulations of the PRC (《中華人民共和國外匯管理條例》), promulgated by the State Council on January 29, 1996 and last amended on August 5, 2008. Pursuant to such regulations, Renminbi is freely convertible into other currencies for current account items, including the distribution of dividends, interest payments, trade and service-related foreign exchange transactions, without prior approval of the State Administration of Foreign Exchange (the “SAFE”), by following certain stipulated procedures. However, Renminbi is not freely convertible for capital account items, such as direct investments, loans, repatriation of investments and investments in securities outside the PRC, unless the prior approval or registration with appropriate government authorities of foreign exchange is made.

According to the Regulations on the Administration of Settlement, Sale and Payment of Foreign Exchange (《結匯、售匯及付匯管理規定》) promulgated by PBOC on June 20, 1996 and effective since July 1, 1996, foreign-invested enterprises may retain foreign exchange receipts under the current account up to the maximum amount approved by the foreign exchange bureau, and the excess of such amount shall be sold to a designated foreign exchange bank or through a foreign exchange swap center. Foreign-invested enterprises are permitted to convert their lawful after-tax dividends into foreign exchange and to remit such foreign exchange out of their foreign exchange bank accounts in the PRC. However, foreign exchange transactions involving overseas direct investment or investment and exchange in securities abroad are subject to approval or registration with the SAFE and other relevant PRC government authorities.

On March 30, 2015, the SAFE issued the Notice on Reforming the Administration Methods of the Settlement of Foreign Currency Capital by Foreign-invested Enterprises (《關於改革外商投資企業外匯資本金結匯管理方式的通知》) (the “SAFE Circular 19”), which became effective on June 1, 2015 and was last amended on December 30, 2019. Pursuant to the SAFE Circular 19, foreign-invested enterprises may settle their foreign exchange capital at their discretion according to their actual business needs. The SAFE Circular 19 facilitates foreign-invested enterprises to make PRC domestic equity investments with Renminbi converted from foreign currency-denominated capital by providing relevant procedures. On June 9, 2016, the SAFE issued the Circular on Reforming and Standardizing the Management Policy Relating to Foreign Exchange Settlement of Capital Account (《關於改革和規範資本項目結匯管理政策的通知》) (the “SAFE Circular 16”), which reiterates the principle set forth in the SAFE Circular 19 that Renminbi converted from foreign currency-denominated capital of foreign-invested enterprises may not be directly or indirectly used for purposes beyond their actual business needs, and such use shall comply with PRC laws and regulations. The SAFE Circular 16 provides that discretionary foreign exchange settlement applies to foreign exchange capital, foreign debt offering proceeds and remitted foreign listing proceeds. The

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corresponding Renminbi converted from foreign exchange are allowed to use to extend loans to affiliated parties or repay inter-company loans (including advances by third parties), while shall not be used to extend loans to non-affiliated parties.

On January 26, 2017, the SAFE promulgated the Notice on Further Improving Reform of Foreign Exchange Administration and Optimizing Genuineness and Compliance Verification (《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》) which relaxes the policy restriction on foreign exchange inflow to facilitate trade and investment, and strengthens genuineness and compliance verification of cross-border transactions and cross-border capital flow.

On October 23, 2019, the SAFE promulgated the Notice on Further Promoting the Facilitation of Cross-border Trade and Investment (《關於進一步促進跨境貿易投資便利化的通知》), which removes the restrictions on domestic equity investment in the capital of non-investment foreign-invested enterprises, including the capital obtained from foreign exchange settlement, and provides that (i) such domestic equity investment shall comply with the current version of the Negative List; and (ii) the investment project shall be genuine, in compliance with laws and regulations. According to the notice, qualified enterprises in pilot areas may use their capital income from capital funds, foreign debts and overseas listings for domestic payments without providing proofs of authenticity to the relevant banks each time prior to those payments, while such use shall be genuine, in compliance with relevant laws and regulations. On April 10, 2020, the SAFE promulgated the Notice on Optimizing Foreign Exchange Administration to Support the Development of Foreign-related Business (《關於優化外匯管理支持涉外業務發展的通知》), which promotes the facilitation of capital income payments set forth in the Notice on Further Promoting the Facilitation of Cross-border Trade and Investment nationwide. Qualified enterprises nationwide may use their capital income from capital funds, foreign debts and overseas listings for domestic payments without providing proofs of authenticity to the relevant banks in advance, provided that such use shall be genuine and compliant, in compliance with the existing regulations on use of income under the capital account. Local foreign exchange authorities shall strengthen monitoring, analysis, and regulation during and after the event.

Regulations on Foreign Exchange Registration of Overseas Investment by PRC Residents

The Notice on Issues Relating to Foreign Exchange Control for Overseas Investment and Financing and Round-tripping by Chinese 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 the SAFE on July 4, 2014, regulates foreign exchange matters relating to offshore investments and financing or round-trip investments of the PRC residents or entities by using special purpose vehicles in China. According to the SAFE Circular 37, a “special purpose vehicle” refers to a foreign enterprise established or indirectly controlled by a PRC resident individual or entity for the purpose of seeking offshore financing or making offshore investment, with such PRC resident’s legally owned assets or equity interest in domestic enterprises or offshore assets or interests. A “round trip investment” refers to direct investment within the PRC by a PRC resident individual or entity directly or indirectly through

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a special purpose vehicle, namely, establishing or acquiring a foreign-invested enterprise to obtain ownership, control rights, management rights, and other interests. As required by the SAFE Circular 37, PRC resident individuals and entities shall complete foreign exchange registration with the SAFE or its local branch before making any contribution into special purpose vehicles. If there is (i) a change in basic information, such as the PRC resident individual shareholder, the company name, the operating period, or (ii) an occurrence of a material event, such as a capital increase, decrease, equity transfer or swap, merger or split, with respect to a special purpose vehicle, the PRC resident individual or entity shall register such change with the competent authorities of foreign exchange in a timely manner.

On February 13, 2015, the SAFE promulgated the Notice on Further Simplifying and Improving the Foreign Currency Management Policy 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**”), which became effective on June 1, 2015. The SAFE Circular 13 amended the SAFE 37 by cancelling the administrative approval of foreign exchange registration under direct domestic investments and direct overseas investments by the SAFE or its local branches. Pursuant to the SAFE Circular 13, banks shall instead directly examine and handle foreign exchange registration under direct domestic investments and direct overseas investments.

Regulations on Foreign Exchange Related to Stock Incentive Plans

According 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》) (the “**SAFE Circular 7**”), promulgated by the SAFE on February 15, 2012, directors, supervisors, senior management and other employees participating in any stock incentive plan of an overseas publicly listed company who are PRC citizens or non-PRC citizens that reside in PRC for a continuous period of not less than one year, subject to a few exceptions, shall register with the SAFE or its local branches through a PRC qualified agent, and complete certain procedures. Individuals participating in the same stock incentive plan shall also appoint an overseas entrusted institution to handle matters including exercise of stock options, purchase and sale of the corresponding shares or interests, and transfer of the corresponding funds. As required by the SAFE Circular 7, the aforementioned PRC agents shall apply to the SAFE or its local branches, on behalf of the PRC residents, 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 PRC residents under the stock incentive plans and dividends distributed by the overseas listed companies shall be remitted into the bank accounts in the PRC opened by the PRC agents before distributing to such PRC residents. The PRC agents shall file with the local branches of the SAFE each quarter a form for record-filing provided in the appendix of the SAFE Circular 7.

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REGULATIONS RELATING TO M&A RULES AND OVERSEAS LISTINGS

M&A

The Regulations on Mergers and Acquisitions 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”) was issued by regulatory agencies including the MOFCOM, State-owned Assets Supervision and Administration Commission of the State Council, the STA, the SAIC, China Securities Regulatory Commission (the “CSRC”) and the SAFE on August 8, 2006, which became effective on September 8, 2006 and was amended on June 22, 2009. Foreign investors are subject to the “M&A Rules” in the event that they (i) purchase the equities of the shareholders of a domestic company or subscribe to the increased capital of a domestic company, and thus changes the domestic company into a foreign-invested enterprise; (ii) establish a foreign-invested enterprise in the PRC, and through which they purchase the assets of a domestic company and operate its assets; or (iii) purchase the assets of a domestic company, and then invest such assets to establish a foreign-invested enterprise and operate the assets. Pursuant to the M&A Rules, the transaction for the overseas listing of an offshore special-purpose vehicles, an offshore company directly or indirectly controlled by a domestic company or individual for the purpose of the overseas listing through the equity interests in a domestic company, shall be subject to approval of the CSRC. If a domestic company, enterprise or natural person intends to merge or acquire its domestic affiliated company in the name of a company which it lawfully established or controls, such merger or acquisition shall be subject to the examination and approval of the MOFCOM. Moreover, MOFCOM shall 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 impact or may impact national economic security or (iii) such transaction will lead to a change in control of a domestic enterprise which holds a famous trademark or PRC time-honored brand.

Overseas Listing

On July 6, 2021, the General Office of the Central Committee of the Communist Party of China and the General Office of the State Council issued the Opinions on Strictly Cracking Down 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》). According to such Opinions, the government will take effective measures to strengthen administration and supervision of overseas securities offerings and listings of China-based companies and regulation over illegal securities activities. The Opinions proposes to improve relevant laws and regulations on the overseas issuance and listing of shares by such companies, cyber security, cross-border data transmission and confidential information management, emphasizes the importance of law enforcement in relevant critical areas, and calls for promotion of construction of relevant regulatory systems to deal with the risks and incidents faced by China-based overseas-listed companies.

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Pursuant to the Negative List, if a domestic enterprise engaging in a prohibited industry stipulated in the Negative List seeks an overseas offering and listing, it shall obtain approval from the competent governmental authorities. Foreign investors shall not participate in the operation and management of the enterprise and their shareholding ratio shall be subject, mutatis mutandis, to the relevant regulations on the domestic securities investment by foreign investors.

On February 17, 2023, the CSRC released Trial Administrative Measures for 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 “**Overseas Listing Trial Measures**”) and five relevant guidelines, which became effective on March 31, 2023. Pursuant to the Overseas Listing Trial Measures, PRC domestic companies that seek to offer and list securities in overseas markets, either in direct or indirect means, shall complete the filing procedures and report relevant information to the CSRC. The Overseas Listing Trial Measures provide that if the issuer meets the following criteria, the overseas securities offering and listing conducted by such issuer will be deemed as an indirect overseas offering subject to the filing procedure: (i) 50% or more of the issuer’s operating revenue, total profit, total assets or net assets as documented in its audited consolidated financial statements for the most recent fiscal year is accounted for by domestic companies; and (ii) the issuer’s business activities are substantially conducted in Mainland China, or its primary place(s) of business are located in Mainland China, or the senior managers in charge of its business operations and management are mostly Chinese citizens or domiciled in Mainland China. Where an issuer submits an application for initial public offering to competent overseas regulators, such issuer must file with the CSRC within three business days after such application is submitted.

We have submitted a filing to the CSRC for application of the listing of the Shares on the Stock Exchange on August 22, 2023. The CSRC issued the Notice of Filing on June 13, 2024 for the Global Offering and for the listing of the Shares on the Stock Exchange. In granting its notice of filing, the CSRC accepts no responsibility for our financial soundness, nor for the accuracy of any of the statements made or opinions expressed in this Prospectus.

At a press conference held for these new regulations, officials from the CSRC clarified that the domestic companies that have already been listed overseas on or before the effective date of the Overseas Listing Trial Measures shall be deemed as the Existing Issuers. Existing Issuers are not required to complete the filling procedures immediately, but they should file with the CSRC when subsequent corporate actions such as refinancing are involved. Domestic companies that have obtained approval from overseas regulatory authorities or securities exchanges (for example, a contemplated offering and/or listing in Hong Kong has passed the hearing of the Stock Exchange) for their indirect overseas offering and listing prior to the effective date of the Overseas Listing Trial Measures but have not yet completed their indirect overseas issuance and listing, are granted a six-month transition period from March 31, 2023. Those who complete their overseas offering and listing within such six-month period are deemed as Existing Issuers and are not required to file with the CSRC for their overseas offering and listing. Within such six-month transition period, however, if such domestic companies need to reapply for offering and listing procedures to the overseas regulatory

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authority or securities exchanges (such as requiring a new hearing for the listing application of its shares on the Stock Exchange), or if they fail to complete their indirect overseas issuance and listing, such domestic companies shall complete the filing procedures with the CSRC. On February 17, 2023, the CSRC also 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 clarifies that on or prior to the effective date of the Oversea Listing 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.

On February 24, 2023, the CSRC released the Provisions on Strengthening Confidentiality and Archives Administration in Respect of Overseas Issuance and Listing of Securities 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 became effective on March 31, 2023. Pursuant to the Confidentiality Provisions, domestic joint-stock enterprises listed in overseas markets via direct offering and domestic operational entities of enterprises listed in overseas markets via indirect offering must obtain approval and complete filing or other requirements before they publicly disclose any documents and materials that contain state secrets or government work secrets or that, if divulged, will jeopardize China’s national security or public interest, or before they provide such documents or materials to entities or individuals such as securities companies, securities service providers and overseas regulators.

WHO WE ARE

We are a mobility service company in China primarily offering ride-hailing services. In 2021, 2022 and 2023, our revenue from ride-hailing services accounted for 99.2%, 91.0% and 83.9% of our total revenue, respectively. According to Frost & Sullivan, our mobility services ranked second in the Greater Bay Area with a market share of 5.6% in terms of GTV in 2023. We serve and connect various participants of the mobility industry including the riders, drivers, automobile OEMs, vehicle service providers and autonomous driving solution providers. We offer (i) mobility services; (ii) technology services, primarily AI data and model solutions, and high-definition (HD) maps; and (iii) fleet sale and maintenance where we offer a full suite of support for drivers and car partners.

Our shareholders with diverse background have enriched our market insights and our understanding of key stakeholders along the entire mobility service value chain, enabling us to integrate resources across the automobile and mobility service industries. We were founded by GAC Group and Tencent, and subsequently introduced Pony AI, an autonomous driving solution provider, as a strategic shareholder. Connecting automobile manufacturers, internet companies and autonomous driving solution providers, we are an early-mover in promoting the commercialization of autonomous driving technologies.

We offer mobility services in a broad geographic region. As of December 31, 2023, we strategically focused on nine foothold cities, the majority of which are in the Greater Bay Area. We have strategically prioritized resources on our foothold cities to quickly penetrate the market and achieve rapid market penetration. Once we reach a critical scale, we can achieve greater efficiency and returns from these cities. We then leverage our successes in foothold cities to drive our expansion into the neighboring areas. In expanding our network, taking into account the demographic and socioeconomic conditions of municipal markets, we prioritize cities that have synergistic potential with our existing network. Guided by such geographical expansion strategy, we have successfully replicated the market entry strategies, operational expertise and management systems that have been tested and proven effective in established markets to new markets in adjacent regions. Our geographical expansion strategy enables us to lower the cost of market penetration and customer acquisition, and therefore to achieve sustainable and efficient growth. As of December 31, 2023, our user penetration rate in the Greater Bay Area exceeded 45%, ranking second in the Greater Bay Area, according to Frost & Sullivan.

We are committed to R&D and have built technology advantages in smart mobility. Our self-developed AI algorithm model generates smart routing and matching plans for drivers and riders, forming the foundation of an efficient, reliable and safe platform. We also provide autonomous driving data solutions such as AI data and model solutions, HD map and smart transportation solutions, to autonomous driving solution providers, OEMs and government departments. In our technology services, our proprietary AI perceptive algorithm base model has achieved over 95% recall and precision in AI pre-annotations of driving data sets, and is applied in our AI data and model solutions. In 2021, 2022 and 2023, our R&D expenses accounted for 11.5%, 7.7% and 5.5% of our total revenue, respectively.

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We experienced rapid growth during the Track Record Period, while continually improving our operational efficiency and optimizing our business model. As of December 31, 2023, the number of registered riders on our mobility service platform reached 23.8 million. Our revenue from mobility services increased from RMB1,012.5 million in 2021 to RMB1,249.8 million in 2022, and further to RMB1,814.1 million in 2023, representing a CAGR of 33.9%. Our total revenue increased from RMB1,013.5 million in 2021 to RMB1,368.4 million in 2022, and further to RMB2,161.1 million in 2023, representing a CAGR of 46.0%.

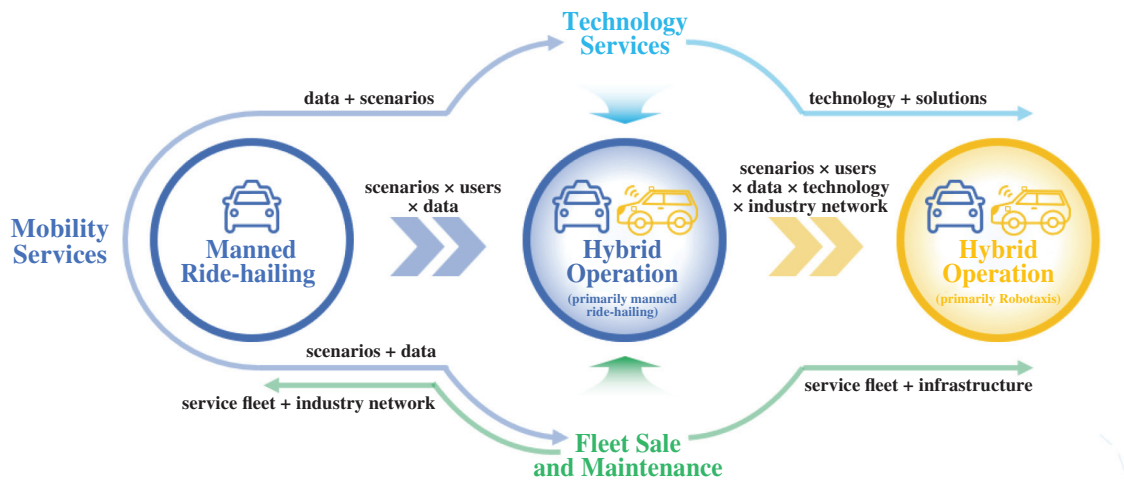
As a proactive promoter of industry development, our achievements have been widely recognized. In 2022, we were awarded “Science and Innovative Pioneer Enterprises in the Greater Bay Area” by Southern Finance Omnimedia Corp., “WISE2022 – The King of the New Economy King – Enterprise of the Year in the Field of Automobile Mobility” by 36Kr, “Best Technology Innovation Award of the Year in the New Ecology Field” by Caijing New Media, and “General Autonomous Driving Technology Innovative Platform of 2022 in the Autonomous Driving Technology Field” by Heart of the Car. In 2023, we were awarded “Outstanding Autonomous Driving Solution Provider” by the World Intelligent Connected Vehicles Conference, “Unicorn Enterprise of Global Unicorn Index 2023” by Hurun Report, “2022 New Unicorns in China” by Forbes China, and were recognized as Guangdong engineering technology research center, and Guangdong “specialized, refinement, differential and innovation (專精特新)” small and medium-sized enterprise. In addition, as a member of the Committee of Demonstrative Operation of Autonomous Driving Technology in Guangzhou, we play a pivotal role in the formulation of policies and standards with respect to the commercialization of Robotaxi in Guangzhou.

OUR BUSINESS MODEL

We have built a multi-dimensional service system, serving and connecting various participants of the mobility industry, underpinned by our exceptional capabilities in delivering mobility services, technology services and fleet sale and maintenance. The interactions of these three services facilitate the sharing of industry insight, information and experience, generating synergistic effects and facilitating our continuous growth and future success. We generate revenue primarily from charging service fees from riders using ride-hailing services on our platform. We also generate revenue from (i) other mobility services other than ride-hailing, (ii) technology services and (iii) fleet sale and maintenance.

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The graphic below illustrates the interactions among our services and the three key stages of our plan to achieve hybrid operation of manned ride-hailing and Robotaxi services.



Mobility Services

We have a full suite of smart mobility services, including ride-hailing, Robotaxi and other mobility services. We derived most revenue from providing ride-hailing services during the Track Record Period and, after years of dedication to quality services, we have amassed a broad and expanding user base and extensive use case information, benefiting the development of other business segments. As an early mover in promoting the commercialization of Robotaxi, we launched the first open Robotaxi operation technology platform in the world in April 2022, according to Frost & Sullivan.

The growth drivers for our mobility services include, among others:

- significant opportunities and continual growth potential in the China and GBA smart mobility markets and the China Robotaxi market, with their market sizes by GTV expected to reach RMB1,535.2 billion, RMB210.0 billion and RMB488.8 billion in 2030, growing at a CAGR of 17.1%, 21.4% and 247.7% from 2024 to 2030, respectively, according to Frost & Sullivan;
- our brand recognition and ability to retain and attract users on our platform. The average monthly active riders of our mobility services amounted to 1,031.7 thousand, 1,203.8 thousand and 1,047.3 thousand in 2021, 2022 and 2023, respectively. In 2021, 2022 and 2023, not only did we recorded an annual rider retention rate of our ride-hailing services of 31.7%, 31.0% and 27.8%, respectively, we also witnessed a notably high average ride frequency of our ride-hailing services of 8.8, 10.2 and 9.0, respectively;

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- our stable and strong service fleet. The number of the average monthly active drivers of our ride-hailing services increased from 11.9 thousand in 2021 to 18.6 thousand in 2022, and further to 36.8 thousand in 2023;
- our strong presence in the GBA benefiting from our localized development and operation strategy, equipping us with market entry strategies, operational expertise and management systems which benefit our expansion into new geographical markets;
- our ability to maintain high regulatory compliance rate. Our MOT Order Compliance Rate ranked first 17 times as of December 31, 2023, according to the published information by the MOT. We also improved our order compliance rate from 84.8% in 2021 to 90.5% in 2022, and further to 95.6% in 2023;
- our ability to enhance rider experience by keeping abreast of cutting-edge technologies and develop our platforms. We launched the first open Robotaxi operation technology platform in the world in April 2022, according to Frost & Sullivan. We also launched the commercialized hybrid operation of manned ride-hailing and Robotaxi services in Guangzhou in October 2022, the first mobility service platform in the world to achieve this, according to Frost & Sullivan;
- our growing ability to effectively manage costs and expenses benefiting from our improving efficiency of order matching, decreasing cost per km and the economies of scale as a result of our continuous revenue growth. Our acquisition cost per new active rider decreased by 16.1% from 2021 to 2023; and
- our dedication in the implementation of our geographical expansion strategy, which enables the sustainable and effective expansion of our mobility services. Our mobility service GTV increased significantly from RMB1,347.4 million in 2021 to RMB1,795.6 million in 2022, and further to RMB2,741.0 million; our revenue from mobility services increased significantly from RMB1,012.5 million to RMB1,249.8 million, and further to RMB1,814.1 million in 2023.

Ride-hailing

We began offering ride-hailing services from the Greater Bay Area and adopted our geographical expansion strategy to achieve sustainable and effective expansion, facilitating our expansion from Guangzhou, to neighboring cities and further to other regions in the Greater Bay Area. We deem user experience critical to our success and expand our business in a sustainable way. Rather than relying on subsidies and coupons, we acquire users primarily through enhancing their awareness of our brand via word-of-mouth recommendations from existing users and various interactive promotional activities. Leveraging our data analytical capability, AI algorithms advancement, as well as refined operation at both the supply and demand ends, we have constantly improved the user experience and realized rapid expansion while improving operational efficiency. In 2021, 2022 and 2023, the average monthly active riders of our ride-hailing services amounted to 980.0 thousand, 1,160.7 thousand and 996.9 thousand, respectively; during the same periods, riders of our ride-hailing services had traveled an aggregate of 351.7 million km, 475.0 million km and 743.0 million km, respectively.

Robotaxi

With the development of AI and autonomous driving technologies, the mobility industry is expected to undergo a significant transition from manned driving to autonomous driving, presenting enormous market opportunities, according to Frost & Sullivan. The commercialization of Robotaxi is expected to become a reality by 2026, influenced by several key factors, including (i) the cost per kilometer comparison between Robotaxi and manned ride-hailing services, (ii) continuous advancements in technology, especially in autonomous driving, and (iii) significant government support, according to the same source. See “Industry Overview – Robotaxi – The Future of Smart Mobility”. According to Frost & Sullivan, the total global market size of Robotaxi by GTV will reach RMB834.9 billion in 2030. However, Robotaxi technologies are still developing and involve significant risks and uncertainties, and we cannot guarantee that we will be able to deliver safe, efficient, competitive and economically viable Robotaxi services that are well-received by the market. See “Risk Factors – If we are unable to develop or manage new or upgraded services, products or technologies that are well-received by the market, our business, results of operations, financial condition and prospects may be adversely affected.”

We embrace the emerging industry upgrades and business model transformation and have been promoting the commercialization of Robotaxi, enjoying a first-mover advantage, according to Frost & Sullivan. We are the first mobility service platform in the world to launch a commercialized hybrid operation of manned ride-hailing and Robotaxi services, according to Frost & Sullivan, under which third-party Robotaxis were connected to our platform for demonstrative commercial operation.

Technology Services

We provide AI data and model solutions for automobile manufacturers and autonomous driving solution providers to facilitate their R&D activities in various areas of smart mobility technologies, including environmental perception, route planning, behavioral decision-making and control. We also offer HD maps and other technology services primarily including smart transportation solutions. The extensive user base and behavioral data accumulated in our ride-hailing services provide a wealth of use case information for our technology services. Recognizing the emerging technological transformation in the mobility service industry, we are committed to the innovation, development and implementation of advanced technologies and practices. We offer the following technology services that support the development of autonomous driving technologies and smart transportation and facilitate the commercialization of autonomous driving technologies.

- **AI data and model solutions.** Our AI data and model solutions focus on providing one-stop solutions encompassing data collection, data annotation, data management and model training for the autonomous driving industry. We have developed a set of tools and platform that can be used for multimodal data training, including OnTime Data Collects (data collection), OnTime Data Management (data management),

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OnTime Data Encoder (data annotation) and OnTime AI Trainer (an integrated platform combining data container management with model development, model training and model evaluation functions).

- **HD Maps.** Our HD map, OnTime MapNet, integrates data collection, real-time vehicle- and cloud-end updates and multilayer integration, and is committed to providing real-time, low-cost, high-quality, HD map update solutions for automobile manufacturers and map developers.
- **Other Technology Services.** We provide smart transportation solutions to traffic management departments to improve urban traffic management and safety conditions. We utilize V2X technology to enable real-time traffic data interaction, achieving more effective responses to complex road conditions and safe operations in the context of autonomous driving. We work closely with municipal transportation authorities in the development of urban intelligent transportation technological infrastructure, where we leverage our V2X operation management knowhow to help reduce traffic congestion and improve the overall urban transportation efficiency.

The growth drivers for our technology services include, among others:

- significant opportunities and continual growth potential in China autonomous driving technology service market, with its market size expected to reach RMB76.6 billion in 2030, growing at a CAGR of 21.4% from 2024 to 2030, and in China AI data and model solutions market, with its market size expected to reach RMB18.01 billion in 2027, according to Frost & Sullivan;
- the extensive user base and behavioral data accumulated in our ride-hailing services, providing us with a wealth of use case information for our technology services. The number of the average monthly active drivers of our ride-hailing services amounted to 11.9 thousand, 18.6 thousand and 36.8 thousand in 2021, 2022 and 2023, respectively; riders of our ride-hailing services had traveled an aggregate of 351.7 million km, 475.0 million km and 743.0 million km in 2021, 2022 and 2023, respectively;
- continual enhancement of in-house research capabilities for product development and iteration to provide more intelligent services to a broader user base. For example, in terms of AI data and model solutions, we have developed a set of tools and platform that can be used for multimodal data training, including OnTime Data Collects (data collection), OnTime Data Management (data management), OnTime Data Encoder (data annotation) and OnTime AI Trainer (an integrated platform combining data container management, with model development, model training and model evaluation functions). In terms of HD mapping solutions, we are in the progress of developing vehicle-end local real-time HD mapping system, HD map cloud data management platform, cloud platform for HD map update/quality inspection/release, and HD map crowdsourcing management system;

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- continual expansion of operational reach and enhancement of competitive advantage through acquisition of key qualifications to better satisfy enterprise customer needs. For example, since April 2023, we have engaged in on-ground mobile surveying activities, and have obtained the Class B Surveying and Mapping Qualification Certificate (乙級測繪資質證書) (mapping qualifications for geographic information system engineering and internet map services) on April 20, 2023;
- our industry accumulation and extensive cooperation. As a member of the Committee of Demonstrative Operation of Autonomous Driving Technology in Guangzhou, we play a pivotal role in the formulation of policies and standards with respect to the commercialization of Robotaxi in Guangzhou. We have also entered into strategic collaborations with business partners such as Pony.ai, the Robotaxi fleet of GAC R&D Center and NavInfo Co., Ltd. (四維圖新) (“NavInfo”) in R&D initiatives; and
- our commitment to the expansion of our technology services. As of the Latest Practicable Date, we had secured contracts for our technology services with a total contract value of RMB57.9 million.

Fleet Sale and Maintenance

We are dedicated to strengthening our connections with various key stakeholders in the mobility service market, including vehicle service providers, drivers and riders, and continue to enrich our service offerings to build an industry network that encompasses mobility service and automobile service. By building our own automobile service capabilities, we are able to help our drivers improve their operational efficiency with our high-quality, cost-effective and standard automobile service. In April 2022, we launched OnTime auto service center, which is an offline store that offers comprehensive fleet sale and maintenance covering drivers and vehicles, offering vehicle sales, maintenance and repairs and driver service. As of the Latest Practicable Date, we operated four OnTime auto service centers. Along with OnTime auto service center, we formed a set of standardized automobile service procedures to ensure that our drivers and vehicles have easy access to efficient and reliable support. OnTime auto service center marked the expansion of our online influence into offline presence, forming online to offline complementary offerings. Our fleet sale and maintenance also empower Robotaxi services.

Leveraging our unique industry resources and close relationships with automobile manufacturers, including GAC Group, we undertake centralized vehicle procurement for our car partners and drivers. We consolidate the demands of our car partners and drivers, and negotiate directly with automobile manufacturers for a collective deal. Such collective deals are typically priced at a discount from prevailing market prices, and offer more streamlined delivery. We provide standardized maintenance and repair services and ancillary services, such as car wash and EV charging, to our car partners and certain individual car owners.

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During the course of these services, we connect various industry participants to form an engaging, close-knit industry network around our platform, where synergies and additional values are created leveraging the share of information, know-how, experience and resources among the industry participants, as we continue to invest in this operation.

The growth drivers for our fleet sale and maintenance include, among others:

- significant opportunities and continual growth potential in China smart mobility fleet sale and maintenance market, with the number of ride-hailing service vehicles expected to increase from 4.5 million in 2024 to 6.0 million in 2030, according to Frost & Sullivan, as well as the further penetration of Robotaxi service as our fleet sale and maintenance are also available to Robotaxi;
- our dedication to enriching our service offerings to build an industry network that encompasses mobility service and automobile service. For example, in April 2022, we launched OnTime auto service center in Guangzhou, which is an offline store that offers comprehensive fleet sale and maintenance covering drivers and vehicles, offering sales of vehicles and spare parts, maintenance and repair and driver service;
- our capability to enhance our car partners' efficiency and cost management. For example, we developed our proprietary vehicle and driver management system and provided access to our car partners for free. We provided training to our car partners from time to time, assisting them to improve operating efficiency and to maintain a higher-than-industry-average compliance rate. As a result, the average management fee per order we paid to car partner decreased from RMB0.84 in 2021 to RMB0.61 in 2022, and further to RMB0.40 in 2023;
- our unique industry resources and close relationships with automobile manufacturers, including GAC Group, allowing us to efficiently provide a full suite of vehicle and driver support solutions and achieve effective customer acquisition. For example, our close connection with the GAC Group allows us to realize collective vehicle procurements, which is critical to the launch and operation of our fleet sale and maintenance business; and
- our comprehensive services and assistance, which enable us to relieve our drivers from various logistics and maintenance matters and help them increase their net operational time and improve operational efficiency. As of December 31, 2023, we were capable of providing fleet sale and maintenance to 135.2 thousand drivers. Our services help enhance driver stickiness and control the offering of incentives to drivers, with incentives per order to registered drivers providing ride-hailing services decreasing from RMB2.87 in 2021 to RMB1.71 in 2022, and further to RMB1.46 in 2023. Since the launch of our fleet sale and maintenance and as of December 31, 2023, 57% of the drivers on our platform had used our fleet sale and maintenance.

OUR STRENGTHS

We believe that the following competitive advantages contribute to our success:

Mobility Service Company with Strong Presence in GBA

Benefiting from our persistent refined operation and management and proprietary technologies, we have a strong network in Guangdong province, one of China's most densely populated provinces with high per capita spending power, covering major cities such as Guangzhou, Shenzhen, Foshan, Zhongshan, Dongguan and Zhuhai. As of December 31, 2023, we strategically focused on nine foothold cities, the majority of which are in the Greater Bay Area.

We attach utmost importance to regulatory compliance and have maintained an industry-leading compliance profile. According to the published information by the MOT, as of December 31, 2023, our MOT Order Compliance Rate ranked first 17 times.

We provide innovative and diversified mobility services. Our mobility service GTV increased from RMB1,347.4 million in 2021 to RMB2,741.0 million in 2023, representing a CAGR of 42.6%. As of December 31, 2023, the number of registered riders on our mobility service platform reached 23.8 million. In 2023, the average monthly active riders of our mobility services reached 1,047.3 thousand, and the average monthly active drivers of our mobility services reached 36.9 thousand, with the daily order volume of our mobility services peaked at a level of over 375 thousand. As of December 31, 2023, our user penetration rate in the Greater Bay Area exceeded 45%, ranking second in the Greater Bay Area, according to Frost & Sullivan.

We have been promoting Robotaxi commercialization, embracing the trends of electrification, intelligence, connectivity and sharing in the automobile industry. According to Frost & Sullivan, we are the first mobility service platform in the world to launch a commercialized hybrid operation of manned ride-hailing and Robotaxi services.

We embrace the trend of electrification in the automobile industry, providing users with energy-efficient, environmentally friendly and high-quality services. As of December 31, 2023, over 95% of service vehicles (including both rental vehicles and driver-owned vehicles) on our platform were new energy vehicles and hybrid vehicles, with over 85% being pure electric vehicles. Since our establishment and up to December 31, 2023, we had facilitated a reduction in carbon emissions of 127,501 tons of CO₂e.

We continually develop and enhance our technology services including AI data and model solutions, HD maps and smart transportation solutions, aiming to capture the opportunities brought by the innovation and rapid development of the mobility service industry. We also endeavor to optimize our overall fleet sale and maintenance for both manned ride-hailing and Robotaxi services, thus spearheading industry progress.

Robust Industry Resources and Supportive Policies

Jointly founded by GAC Group and Tencent, we are tasked with fulfilling one of the key missions in GAC Group's strategic transition from an automobile manufacturer to a mobility service provider. Through strategic investment relationships, we have laid a solid foundation of mutual trust and cooperation with our industry partners, and achieved integration of industry resources of automobile manufacturing, autonomous driving technology and mobility services. With the mobility service at the core, we tap into the upstream and downstream industries through offering technology services and fleet sale and maintenance. We position ourselves at a pivotal point of the smart mobility industry value chain, creating connections and synergies amongst various market participants.

GAC Group is a leading automobile conglomerate in China with more than 20 years of advanced manufacturing experience, well-established and efficient R&D, production and sales systems, and a comprehensive upstream and downstream industry network. In December 2022, GAC Group released the GAC Trillion "1578" Development Outline ("萬億廣汽1578發展綱要"), setting forth its near-term business development plans, including promoting the commercialization of smart mobility operations, strengthening its intelligent mobility operational capabilities, and leading the innovation in the business model of intelligent transportation. These goals are closely related to, and aligned with, our development plan, and are expected to facilitate our continued growth.

Tencent, as our second largest shareholder, empowers our platform operation and management, as well as market expansion. We benefit from its cutting-edge internet infrastructure and high-quality user traffic. We also collaborate closely with leading autonomous driving solution providers such as Pony.ai and QCraft, to empower each other's growth, facilitate the advancement of autonomous driving technologies and promote the commercialization of Robotaxi.

The Greater Bay Area, where we are headquartered, is a national pilot field for the development, testing and implementation of autonomous driving technologies. Guangdong was the first (excluding the municipalities directly administered by the central government) to issue a provincial-level policy for autonomous driving road test management in China in 2018. According to Frost & Sullivan, (i) as of December 31, 2021, the number of companies operating in autonomous driving-related areas in Guangdong province accounted for 32% of those in China, the most among all provinces, (ii) in July 2022, Shenzhen promulgated the first municipal-level regulation in China to regulate intelligent connected vehicles.

According to Frost & Sullivan, Guangzhou is the first city in China to promote the synchronized development of intelligent connected vehicles and smart cities. According to Guangzhou Municipal Bureau of Industry and Information Technology, Guangzhou has won a number of "national firsts" in the field of autonomous driving: the first city to recognize road test licenses for intelligent connected vehicles issued by other cities; the first to issue autonomous driving passenger test licenses; the first to carry out large-scale Robotaxi technology verification; and the first to launch a standardized process for the mass production

of L4 autonomous vehicles. As a mobility technology company headquartered in Guangzhou focusing on the Great Bay Area market, we, benefiting from the favorable policies and regulatory progress, are able to explore the frontier of technology innovation as well as new service options and operation models.

Continual Improvement of Operational Efficiency

Committed to compliant operation and high-quality services, we have seen an upswing in rider satisfaction and operational efficiency. In 2020, we established the OnTime Experience Center to oversee routine supervision and training of our drivers and car partners. We were the only ride-hailing brand in Guangzhou to receive a 4A rating for mobility service quality among ride-hailing platform enterprises in 2020, as evaluated by Guangzhou Municipal Transportation Bureau based on multiple metrics specified by the MOT, including corporate management, information data management, safety operation, operation service, and social responsibility, which indicates our high service quality among mobility service providers in Guangzhou. Our reputation for quality service and effective rider acquisition strategies helped us improve efficiency in acquiring new riders. As a result, our operational efficiency has consistently improved.

Since our inception, we have been dedicated to developing our services to better serve the public. As a provider of high-quality services, we have a broad rider base characterized by high loyalty, high transaction frequency and strong purchasing power, as indicated by the statistical trends related to our customer activity in the following paragraphs:

- In 2021, 2022 and 2023, not only did we recorded an annual rider retention rate of our ride-hailing services of 31.7%, 31.0% and 27.8%, respectively, we also witnessed a notably high average ride frequency of our ride-hailing services of 8.8, 10.2 and 9.0, respectively.
- As of December 31, 2023, for our ride-hailing services, the average income per order of users retained for one year improved by 79.7%, and for two years by 75.5%, compared to December 31, 2022.

We believe that the improved satisfaction data based on the authentic feedback from users reflect the effectiveness of our ongoing efforts to provide high-quality services, which is a stringent but valid standard that we strive to hold ourselves to.

High-Quality Mobility Services

We provide high-quality mobility services for both riders and drivers by constantly improving their experience to inspire confidence.

Service for riders: We continuously optimize our service to align with riders' needs, with a focus on achieving efficient dispatch and real-time safety monitoring. In collaboration with the GAC Group, we introduced a purpose-built vehicle model customized for ride-hailing services that not only maximizes ride-hailing operational efficiency but also satisfies the three primary demands of riders for better traveling experience, namely, intelligence, comfort and entertainment. We implement comprehensive on- and offline safety monitoring to ensure riders' travel safety and regularly conduct professional training and assessments for drivers through our OnTime Experience Center to enhance service quality. Leveraging our technologies in the operation of our platform, we launched the commercialized hybrid operation of manned ride-hailing and Robotaxi services, which significantly improves our operational efficiency. Through intelligent dispatch, pick-up and drop-off point recommendations powered by our proprietary technologies, we strive to provide riders with satisfying services.

Services for drivers: We aim to create supportive working environment for our drivers. Our scientific and balanced algorithms and dispatch mechanisms help drivers achieve stable income. Our intelligent reservation system for EV charging stations improves the efficiency of charging and decreases drivers' idle time during working hours. The full-lifecycle vehicle management services provided by us reduce drivers' vehicle maintenance costs. We aspire to offer one-stop standardized automobile service, and create an industry network encompassing driver services, after-sales services and other ancillary services in extended scenarios, relieving drivers from the burdensome vehicle maintenance work. By building our own automobile service capabilities, we are able to help our drivers improve their operational efficiency with our high-quality, cost-effective and standard automobile service. We have labor unions to assist drivers with physical and mental wellness and to protect their rights. We have also established a holistic driver evaluation system, assessing their performance based on order completion rate, ratings and specific feedback. We have comprehensive evaluation and incentive measures in place to encourage drivers to improve their performance and obtain better economic returns. Eyeing the emerging trend of autonomous driving, we also provide drivers with opportunities to undergo training for human safety driver for vehicles equipped with autonomous driving technologies. According to Frost & Sullivan, these positions are expected to be in increasing demand as the R&D and testing for autonomous driving vehicle continue to ramp up. We take pride in our efforts and achievements in helping drivers benefit from our growth and giving them the access to more rights and opportunities in pursuing a better career.

Strong Capabilities to Promote Robotaxi Commercialization

We believe the ride-hailing service providers stand at a pivotal point in the Robotaxi industry value chain. We provide comprehensive solutions for Robotaxi commercialization. We launched the Robotaxi VMS, comprising vehicle asset management, vehicle service management and vehicle operation management. We also have strong autonomous driving vehicle operational capabilities which enable us to support the developing operational needs as Robotaxis become increasingly intelligent.

We actively engage in the formulation of industry policies and standards for Robotaxi operation in China. As a member of the Guangzhou Intelligent Connected Vehicle Electronics Industry Development and Promotion Association, we participate in the preparation of the proposal related to the development of the intelligent network in Guangzhou and the planning, construction and operation of the Guangzhou Intelligent Connected Vehicle Pilot Zone, where the road tests of intelligent connected vehicles took place. Together with Baidu and Didi's affiliates in autonomous driving technology, among others, we were appointed as a member of the Committee on Application and Demonstrative Operation of Autonomous Driving of Guangzhou's Intelligent Connected Vehicle Electronics Industry Development and Promotion Association, assuming a pivotal role in the formulation of policies and standards related to the commercialization of Robotaxi and promoting the development of the demonstrative operation of autonomous driving in Guangzhou. To facilitate the progress of the demonstrative operation of intelligent connected vehicles, we have successfully advocated for a series of industrial self-regulation measures, such as specifying the protocols for the training, management, professional assessment and career management of safety officers, who would play a critical role in ensuring the smooth operation of Robotaxi vehicles. Establishing and maintaining a sound training and certification system for the safety office is essential for the future large-scale commercialization of Robotaxi services. We participated in a pilot project in Guangzhou for the autonomous driving demonstrative application in urban mobility services. This project was selected by MOT as one of its first batch of demonstrative application pilot projects for smart transportation. In this project, we led the formulation of autonomous vehicle mobility service operation standards, including the overall service plan and the standard procedures for dispatch, safety management and vehicle maintenance.

Advanced Technological Capabilities

With the constant evolution of AI and autonomous driving technology, Robotaxi, a long-anticipated mobility solution, has commenced paid operation in certain pilot areas. Our unique hybrid operation of manned ride-hailing and Robotaxi services is powered by our proprietary technologies. We are the first mobility service platform in the world to launch a commercialized hybrid operation of manned ride-hailing and Robotaxi services, according to Frost & Sullivan.

Powered by proprietary AI dispatching models, our platform is able to efficiently and accurately analyze complex real-life mobility scenario information. Our hybrid operation model adopts an order dispatch mechanism that takes into account a series of factors, including ride destination, vehicle location, traffic conditions, vehicle type, weather conditions and operational design domain (ODD) of different Robotaxi vehicles. This comprehensive approach enables us to intelligently match riders with the most efficient travel option. Additionally, by assessing the walking distance for riders and real-time environmental conditions, our platform uses predictive algorithms to provide intelligent pick-up and drop-off point recommendations, offering more optimal pricing and precise dispatch services to riders.

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In addition, we harness the value of data through building use case databases and optimizing data models, which help us tap into the value chain of autonomous driving solution providers. We provide autonomous driving data solutions, including AI data and model solutions, HD maps and smart transportation solutions, to automobile manufacturers, autonomous driving solution providers and sensor manufacturers. We also provide real-time road condition analysis, traffic planning and 5G vehicle-road coordination services to traffic management authorities, delivering significant commercial and social value.

We accumulated a diverse array of data assets through our ride-hailing and Robotaxi services. We also generated various operational data in collaboration with autonomous driving solution providers, including perception data, decision flow data, operation management data and statistical index data. This has facilitated our accumulation of technical advantages in autonomous driving data collection, analysis and application. These valuable data are crucial to the advancement of our platform technology and the improvement of operational efficiency. Our operations, as they constantly improve, generate an increasing amount of information and user feedbacks, fueling the R&D of autonomous driving technologies.

Diverse Service Offering Empowered by Broad Industry Resources

Benefiting from our collaboration with GAC Group, a leading automobile industry conglomerates housing a broad range of industry resources, we have built a multi-dimensional mobility service system and launched a one-stop standardized automobile service platform. By building our own automobile service capabilities, we are able to help our drivers improve their operational efficiency with our high-quality, cost-effective and standard automobile service. We are dedicated to strengthening our connections with various key stakeholders in the mobility service market, including vehicle service providers, drivers and riders, and continue to enrich our service offerings to build an industry network that encompasses mobility service and automobile service.

In April 2022, we launched our first OnTime auto service center in Guangzhou, which is an offline store that offers comprehensive services to drivers and vehicles, including vehicle purchase, vehicle repair and maintenance and driver training. We adopt a dual-axis development strategy. Under this strategy, we expanded our operations to encompass not only mobility services, but also the “technology axis” focusing on autonomous driving related technologies and the “ecological axis” where we build a standardized automobile service platform to serve various industry partners. We view automobile service as a vital component of the ecosystem axis. Leveraging our industry connections along the automobile manufacturing industry chain, we tapped into automobile aftermarket services, providing vehicle sales, leasing, maintenance, charging, network access and recycling services for the ride-hailing service vehicles.

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With keen industry foresight, OnTime auto service centers are also designed to fulfill critical tasks of Robotaxi service vehicle repair and maintenance, in anticipation of the commercialization of Robotaxi. OnTime auto service centers aim to offer charging, cleaning, maintenance, repair, system detection, upgrades, data uploads and other automated maintenance services for all types of Robotaxi operation scenarios. In October 2022, we officially launched the Robotaxi VMS, which includes vehicle asset management, vehicle service management and vehicle operation management, ramping up our intelligent inspection and automobile service management capabilities and further completing and enhancing the functionalities of our Robotaxi operation technology platform. Combined with OnTime auto service centers' comprehensive offline vehicle service system, the Robotaxi VMS ensures the functional stability and economic efficiency of all Robotaxi vehicles connected to our platform, making Robotaxi a viable, operable and sustainable business service.

In 2021, we launched OnTime Stations in Guangzhou, and participated in the formulation of Guangzhou Robotaxi station standards. OnTime Stations are typically located near urban traffic hotspots, leverage positioning technology to direct nearby riders and drivers to stations for a more streamlined positioning and pickup process, helping to resolve traffic issues during peak hours in busy urban areas, such as unresponsive ride orders, long waiting times and traffic jams. OnTime Stations are also equipped with a one-scan ride-hailing function, providing convenient services for special groups, including the elderly and people with health conditions and impairments. Going forward, OnTime Stations are expected to also serve as the offline stations of our technology platform for Robotaxi vehicle operation, connecting vehicles, roads, people and the cloud end-server, forming a part of our strategic layout for our hybrid operation of manned ride-hailing and robotaxi services.

Leadership with Shared Mission, Discernment and Strong Execution Capabilities

With the mission of “connecting better lives with smart mobility,” our management team attracts and unites people with common values to work towards our vision of “becoming the most prominent mobility platform in the next decade.”

Our management team has successfully integrated the advantages of the automobile industry with the innovation of internet economy models, built user-centric corporate values and fostered a positive symbiosis with the cities where we operate.

Our CEO, Mr. Jiang Hua, has more than 20 years of management experience in automobile manufacturing and the automobile service trade industry. He has worked at GAC Group since September 1997 and has led the success of various innovative business modules in the service trade segment of the GAC Group. Under his leadership, GAC Business Co., Ltd. (廣汽商貿有限公司) evolved into a large enterprise with an annual sales value of tens of billions of Renminbi. As the leader of the GAC Group's mobility service project team, Mr. Jiang Hua led our establishment and the commencement of business operations. His deep understanding of the development stage of the mobility industry allowed him to devise our geographical expansion strategy, guided by which we have successfully replicated the market entry strategies, operational expertise and management systems that have been tested and proven effective in established markets to new markets in adjacent regions. Mr. Jiang made significant contributions to the scientific, sustainable and efficient development of our network.

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Our Chief Operating Officer, Mr. Han Feng, is an expert in the operation and management of platform economies, with experience in various domestic and overseas mobility platform enterprises, including Didi and Uber. He has built the ride-hailing business system for our platform and successfully led the commercialization of our innovative businesses of hitch service. Our Chief Technology Officer, Dr. Song Deqiang, is an expert in internet electronic maps and data platforms, with extensive R&D management experience in leading technology companies such as Microsoft, AutoNavi and Meituan. He led our R&D team to successfully build the technology infrastructure and operation platform of Robotaxi. Mr. Sun Lei, our Vice President of Strategy and Finance, who has worked at SAIC Motor, Roland Berger and Hina Group with a consistent focus on the automobile and mobility industries, is responsible for the formulation and execution of our key strategic programs and major business plans.

OUR STRATEGIES

We are committed to facilitating the transformation of the mobility service industry, and we aspire to become a global mobility service company through the following strategies:

Leverage Success in Key Regions and First-Mover Advantage in Robotaxi Operation to Build Mobility Service Platform with Full-Suite of Offerings

We plan to continuously expand our presence in the mobility service market for ride-hailing and Robotaxi to an international scale. We are dedicated to exploring the technology service industry of AI data and model solutions. We expect to extend our reach in the fleet sale and maintenance encompassing driver services, vehicle aftermarket services and other ancillary services in extended scenarios. We anticipate growing strong synergies among our mobility services, technology services and fleet sale and maintenance, thereby enhancing our core competitiveness and competitive barriers.

Stage One: We aim to launch the hybrid operation of manned ride-hailing and Robotaxi services in certain key regions in China. We believe the data assets accumulated through such hybrid operation will propel the development of autonomous driving data solutions including AI data and model solutions, HD maps and smart transportation solutions. Leveraging the continuous iteration of autonomous driving data solutions, we expect to continue to promote the development and commercialization of autonomous driving technology, and accelerate the transition of the Robotaxi industry from R&D to mass production.

Stage Two: We intend to further promote (i) the hybrid operation of manned ride-hailing and Robotaxi services nationwide, (ii) the mass production of factory-installed Robotaxi vehicles and (iii) the expansion of our nationwide ride-hailing operational network. Specifically, by accumulating data assets through the operation of Robotaxi in key regions, we expect to continue to advance autonomous driving data solutions, which is critical to the mass production of factory-installed Robotaxi vehicles. This strategy would drive us and our industrial partners to achieve mass production of Robotaxi vehicles. Backed by our successful operating experience in certain key regions, we plan to hasten the expansion of the ride-hailing business nationwide, and rapidly lay out the supporting infrastructures and systems for fleet sale and maintenance.

Stage Three: With the rapid increase of our user base, we expect to enter a new development stage where we leverage our scale and technology advantages to enter the global market. Specifically, we estimate that Robotaxi vehicles as a percentage of mobility service fleet will grow rapidly, which will provide us with a significant competitive edge in the cost structure. This should help us to considerably increase our market share in the national mobility service market and form strong competitive barriers in combination with the development of our fleet sale and maintenance. We expect to have a more comprehensive ecosystem, stronger user stickiness, diversified monetization methods and business models. Leveraging existing success, we expect to then expand into overseas markets.

Continue to Implement our Geographical Expansion Strategy to Enhance Ride-Hailing Operational Efficiency

We plan to continue implementing our geographical expansion strategy. Under this model, our strategy begins with selecting city clusters with developed economies and frequent socio-economic interactions. We further identify central cities within these clusters, considering factors such as economic scale, cultural impact and transportation convenience. Our approach is to take these central cities as the starting point for the expansion of our ride-hailing services, focusing resources on growing a robust and loyal rider base on the demand side and the driver pool on the supply side. This model, which grows our network from central cities to neighboring cities, helps us amplify the influence of central cities on both the supply and demand sides. Meanwhile, our geographical expansion strategy guides us to adopt a sustainable, long-term development strategy. As our brand awareness and user mindshare grow over time, we anticipate to achieve increases in user stickiness and user recommendation rate, consolidating our competitive strengths.

Refine Hybrid Operation Model and Offer Smooth Robotaxi Experience

We expect to continue refining the hybrid operation of manned ride-hailing and Robotaxi services, to acquire riders for Robotaxi service.

Our hybrid operation model provides riders with a consolidated single portal to choose either the manned ride-hailing option or Robotaxi service option. Our robust and versatile capabilities in fleet sale and maintenance support the maintenance and repairs of Robotaxi at a standard consistent with that for manned service vehicles, ensuring Robotaxi's smooth and reliable operation. Benefiting from our continuous refinement of Robotaxi operation, the stability and reliability of Robotaxi are gradually brought to the level of manned service vehicles, while Robotaxi's operational efficiency is expected to gradually exceed that of manned service vehicles. Robotaxi can operate and provide services for extended periods of time. Moreover, leveraging advanced AI algorithms and sensor technologies, Robotaxi has the potential to significantly reduce traffic accidents as currently 90% of the accidents were caused by human errors attributable to fatigue, distraction, driving under influence or emotional fluctuations, according to Frost & Sullivan. This could eventually lead to Robotaxi operational costs being much lower than those of manned service vehicles. Our platform also prioritizes

the Robotaxi fleet when dispatching orders, allowing the Robotaxi fleet ample opportunities to serve riders in real-life traffic scenarios. We expect to continue to improve our hybrid operation capabilities in the following aspects:

Rider education. Based on different real-world traveling scenarios, needs and user preferences, our hybrid operation model presents our riders with the Robotaxi service option in parallel with the manned ride-hailing option using the same regular service access, and provides them with comprehensive planning with respect to different transportation capacities. We encourage riders to experience the new option, and actively solicit feedback. We endeavor to provide a convenient, safe and efficient Robotaxi experience, and expect riders to have growing confidence in services provided by unmanned service vehicles.

Operational management. We were the first mobility service platform in the world to launch a commercialized hybrid operation of manned ride-hailing and Robotaxi services, according to Frost & Sullivan. Upon launch, third-party Robotaxis were connected to our platform for demonstrative commercial operation. Under this hybrid operation model, various aspects of Robotaxi operations, including order dispatching and matching, positioning, navigation, data analysis, safety and emergency disposal, are tested in real-life scenarios. We also expect to accumulate experience in vehicle asset management, vehicle aftermarket service and automobile service capabilities. This continuously improves our knowhow and technologies in Robotaxi service operation. Going forward, we expect to continue leveraging our market insights to increase the coverage density of OnTime Stations, improve user experience and build a loyal user base. We plan to strengthen our capabilities in highly automated maintenance services to commercialized Robotaxi fleet, further solidifying our market leadership in autonomous driving vehicle operation.

Autonomous driving technology R&D. We accumulate diversified use cases of Robotaxi through the hybrid operation model. These use cases include long-tail scenarios that deviate from standard scenarios. Our data management service manages and analyzes Robotaxi data through the cloud, performing tasks including data storage, sanitizing and mining, and generating a valuable scenario library based on algorithm models. Data feedback from these use cases boosts our R&D efforts, enhances our ability to tackle corner cases and other complex situations and helps us continually refine our operation to cover a wider range of real-world scenarios.

Optimize Operational Management with Data Analysis

We endeavor to harness the value of data generated in various areas of the automobile industry and facilitate the efficient sharing and utilization of data along the automobile R&D industry value chain across different domains, processes and scenarios.

We plan to continue building data tool platforms designed for multimodal training and HD maps. In terms of the development of mobility service platform, we plan to improve in-house R&D and operation capabilities by enhancing proprietary technologies encompassing data collection, management, annotation as well as model development, training and evaluation. Empowered by strengthened data analytical capabilities as well as algorithm models with higher performance, we expect to continually refine the operation of our platform.

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For vehicle testing, we expect to continue providing automobile manufacturers and autonomous driving solution providers with high-quality data for autonomous driving technology development and testing. For smart transportation application development and improvement, we aim to integrate the functions of data collection, vehicle- and cloud-side data update and multilayer combination, which we believe will enable us to offer more technology service with more advanced functionalities, such as HD map update solutions with enhanced timeliness, low-cost and high quality for automobile manufacturers, map service providers and municipal management agencies.

Enhance Brand Awareness

We believe that our brand value is rooted in high-quality service. The brand image should serve as a communication channel between us and our users, which is our valuable asset and the solid foundation in market competition. We expect to continue to improve the quality of our services and expand our market presence, with a view to making our brand a household name in the mobility service industry.

Recruit and Cultivate Leading Talent

Talent is our core strategic asset. We focus on professional ability, innovation ability and execution ability in the selection and cultivation of our talent. Based on the continuous innovation of organization and systems, we plan to continue to improve our talent selection, training, utilization and retention mechanism, unleashing the value of our human capital for our medium- and long-term strategic goals.

OUR SERVICE OFFERINGS

We serve and connect various participants of the mobility industry including the riders, drivers, automobile OEMs, vehicle service providers and autonomous driving solution providers. We offer (i) mobility services; (ii) technology services, primarily AI data and model solutions, and high-definition (HD) maps; and (iii) fleet sale and maintenance where we offer a full suite of support for drivers and car partners.

We began providing mobility services in Guangzhou in 2019 and have a strong network in Guangdong province, one of China's most densely populated provinces with high per capita spending power, covering other major cities such as Shenzhen, Foshan, Zhongshan, Dongguan and Zhuhai. Our network grew rapidly during the Track Record Period. As of December 31, 2021, 2022 and 2023, the number of cities where we operated were six, 18 and 24, respectively. As of the same dates, the number of foothold cities where we strategically prioritized resources was five, seven and nine, respectively, the majority of which are in the Greater Bay Area.

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Safety is the cornerstone of mobility services. We have always committed ourselves to high safety and compliance standards. We have an industry-leading order compliance rate. According to the published information by the MOT, as of December 31, 2023, our MOT Order Compliance Rate ranked first 17 times. We improved our order compliance rate from 84.8% in 2021 to 90.5% in 2022, and further to 95.6% in 2023.

Leveraging our experience and resources accumulated through the operation of our platform, we also tapped into technology services and fleet sale and maintenance, with a view to generate synergies among closely connected industry partners and staying at the forefront of technological innovations in the mobility service industry.

The following table sets forth a breakdown of our revenue by business segments in amounts and as percentages of total revenue for the periods indicated:

	Year ended December 31,					
	2021		2022		2023	
	Amount	%	Amount	%	Amount	%
<i>(RMB in thousands, except for percentages)</i>						
Mobility services	1,012,464	99.9	1,249,768	91.3	1,814,133	84.0
– Ride-hailing services	1,005,188	99.2	1,244,956	91.0	1,812,133	83.9
– Orders placed on our platform and fulfilled by us	800,965	79.1	896,061	65.5	751,564	34.8
– Orders placed on third-party mobility service platforms and fulfilled by us under third-party user traffic cooperations	204,223	20.1	335,603	24.5	1,036,607	48.0
– Orders placed on our platform and fulfilled by third-party mobility service platforms under third-party service fleet cooperations	–	–	13,292	1.0	23,962	1.1
– Others ⁽¹⁾	7,276	0.7	4,812	0.3	2,000	0.1
Technology services	1,065	0.1	–	–	26,545	1.2
Fleet Sale and Maintenance	–	–	118,591	8.7	320,385	14.8
Total	<u>1,013,529</u>	<u>100.0</u>	<u>1,368,359</u>	<u>100.0</u>	<u>2,161,063</u>	<u>100.0</u>

Note:

- (1) Others primarily consist of (i) Robotaxi services; (ii) hitch services; and (iii) marketing and promotion services.

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Mobility Services

We operate an online platform to provide mobility services, including ride-hailing and other mobility services. We name our online platform OnTime, or Ruqi (如祺) in Chinese, to emphasize our values of punctuality and efficiency.

We have grown significantly during the Track Record Period.

- **Fast-growing scale.** We began our mobility service in Guangzhou and quickly expanded to other cities and regions. As of December 31, 2021, 2022 and 2023, the number of cities where we operated were six, 18 and 24, respectively. As of the same dates, the number of foothold cities where we strategically prioritized resources was five, seven and nine, respectively, the majority of which are in the Greater Bay Area. Our mobility service GTV increased from RMB1,347.4 million in 2021 to RMB1,795.6 million in 2022, and further to RMB2,741.0 million in 2023, representing a CAGR of 42.6%. In 2023, our daily mobility service GTV reached RMB7.5 million.
- **Broadening rider base.** As of December 31, 2023, our mobility service platform had 23.8 million registered riders. The average monthly active riders of our mobility services amounted to 1,031.7 thousand, 1,203.8 thousand and 1,047.3 thousand in 2021, 2022 and 2023, respectively. In 2021, 2022 and 2023, not only did we achieve an annual rider retention rate of our ride-hailing services of 31.7%, 31.0% and 27.8%, respectively, but also witnessed a notably high average ride frequency of our ride-hailing services of 8.8, 10.2 and 9.0, respectively.
- **Strong service fleet.** Our drivers also increased steadily due to our efforts in recruiting and retaining qualified drivers. The average monthly active drivers of our ride-hailing services increased from 11.9 thousand in 2021 to 18.6 thousand in 2022, and further to 36.8 thousand in 2023. This helps us maintain and steadily improve the response rate of our ride-hailing services, which we consider to be a crucial indicator of the efficiency and competitiveness of our service.

The following table sets forth the key operating data of our mobility services (including ride-hailing, Robotaxi and hitch services) for the periods indicated:

	Year ended December 31,		
	2021	2022	2023
GTV (RMB in millions)	1,347.4	1,795.6	2,741.0
Order volume (millions)	46.9	66.6	97.7
Daily order volume (thousands)	128.6	182.4	267.8
Average monthly active riders (thousands)	1,031.7	1,203.8	1,047.3
Average GTV per order (RMB)	28.7	27.0	28.0

Service Delivery

We deliver our mobility services primarily through our mobile apps and our *Weixin* Mini Program. Our mobile apps provide comprehensive functions to facilitate efficient, highly customizable and safe trips for both riders and drivers.

Riders may make a current or advanced booking on our app, upon confirmation of a fee quote. Our platform relies on our proprietary algorithms to match riders with available drivers or Robotaxis. Riders are then presented with the basic information of the upcoming trip, including the driver's name and service rating for manned ride-hailing services and vehicle information such as the vehicle model and license plate number.

User interface

Order placing



Picked up by Robotaxi



Picked up by manned ride-hailing vehicle



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Riders can set up emergency contacts in the safety center section of our app, and choose to share their real-time trip information. We have an emergency assistance system in our app, combining a one-tap emergency assistance function, an around-the-clock customer service team, real-time route monitoring and automatic alerts. See “— Safety – Emergency Assistance.” Messages will also pop up on the mobile app during and after the trip, asking riders to provide timely feedback and to report any issues. Fees are charged upon completion of the ride, and riders receive an invitation to give the trip a rating.

We aim to provide a premium travel experience. We established our OnTime Experience Center (如祺體驗中心) in 2020 to conduct routine supervision and training of our drivers, car partners, senior management and execution team, to ensure that our quality and safety standards are implemented in a consistent manner and that our service excellence leads to satisfactory customer experience. Our service quality protocols specify the standards of various aspects of our services, ranging from vehicle maintenance and hygiene standards to drivers’ professional etiquette. We primarily rely on our car partners to conduct training and ongoing management of our drivers. See “— Relationship with Industry Partners – Car Partners.”

As a supplement to our service capacity, we provide riders with the option to concurrently place orders with our cooperative third-party mobility service platforms, where orders placed with third-party mobility service platforms are completed by them at their full responsibility. Conversely, our services can also be accessed from cooperative third-party mobility service platforms, where their riders can choose to place orders to us for fulfillment. See “— Relationship with Industry Partners – Third-Party Mobility Service Platforms.”

Slightly different from the ride-hailing service, riders and drivers match the hitch trips themselves. Both riders and drivers can post their itineraries on our platform, and send invitations to match with each other. Riders and drivers may post planned journeys up to seven days in advance. To facilitate smooth communications and cooperation between the riders and the drivers during the journey, our platform encourages them to make clear in advance their conditions and specific requests, such as whether they will be traveling with heavy luggage or pets.

Ride-Hailing

We began our ride-hailing service in Guangzhou in 2019. Guangzhou remains our biggest municipal market, with an order volume of our ride-hailing services of 40.8 million in 2023. In 2021, 2022 and 2023, revenue generated from ride-hailing services in Guangzhou amounted to RMB714.7 million, RMB767.9 million and RMB953.1 million, respectively, representing 71.1%, 61.7% and 52.6% of the total revenue from ride-hailing services, respectively. We entered other major municipal markets in the Greater Bay Area, including Foshan in 2020, and Zhuhai, Shenzhen and Dongguan in 2021, where we quickly built our brand awareness and achieved considerable market penetration.

We have been expanding our business primarily through the implementation of our geographical expansion strategy, centered on major cities in the Greater Bay Area. Since late 2022, we have begun to expand our operations into other Greater Bay Area cities, including Huizhou and Jiangmen, as well as cities and provinces neighboring the Greater Bay Area, such as Changsha, the provincial capital of Hunan province, and Xiamen, Fujian province, the

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coastal province bordering Guangdong province to the north. These new regions have high spending power and a relatively unsaturated mobility service market, indicating strong market potential. For example, in 2023, the per capita disposable income of urban residents in Changsha was RMB35,895, and the per capita consumption expenditure in transportation and communication in Changsha was RMB5,163, higher than the average level in China in 2023, according to Frost & Sullivan. Furthermore, there is significant demand for trips between these regions and our primary markets. We see considerable synergies in expanding into these markets. Our network grew rapidly during the Track Record Period. As of December 31, 2021, 2022 and 2023, the number of cities where we operated were six, 18 and 24, respectively. As of the same dates, the number of foothold cities where we strategically prioritized resources were five, seven and nine, respectively, the majority of which are in the Greater Bay Area. We have strategically prioritized resources on our foothold cities to quickly penetrate the market and achieve rapid market penetration. Once we reach a critical scale, we can achieve greater efficiency and returns from these cities. We then leverage our successes in foothold cities to drive our expansion into the neighboring areas. We see other cities as strategic reserves. In the early stages, when we are still growing our own service fleet, we provide riders with the option to concurrently place orders with our cooperative third-party mobility service platforms, where orders placed with third-party mobility service platforms are completed by them at their full responsibility. This approach allows us to gradually penetrate these markets and attract users while keeping our initial investments in check. See “— Relationship with Industry Partners – Third-Party Mobility Service Platforms.”

Backed by our strong service fleet and powered by our proprietary algorithms and data analytical capabilities, we are able to match riders’ demands with available drivers efficiently, and maintain and steadily improve a high response rate. Our proprietary one-stop data management and application development platform, *Qi Cube*, serves as the brain of our platform. It manages our internal data and acts as the primary tool for developing external applications, such as safety monitoring and dispatch modules. Powered by AI analytical technologies, it features strong capability in the real-time prediction of supply and demand, and helps us optimize the matching of mobility supply to demand. We consider response rate to be a crucial indicator of the efficiency and competitiveness of our service. Our response rate was 81.5%, 84.8% and 88.9% in 2021, 2022 and 2023, respectively, which is higher than the industry average, according to Frost & Sullivan.

During the Track Record Period, the order volume of our ride-hailing services increased from 46.0 million in 2021 to 97.3 million in 2023, representing a CAGR of 45.4%; our ride-hailing GTV increased from RMB1,310.5 million in 2021 to RMB2,714.0 million in 2023, representing a CAGR of 43.9%.

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The following table sets forth the key operating data of our ride-hailing services for the periods indicated:

	Year ended December 31,		
	2021	2022	2023
GTV (RMB in millions)	1,310.5	1,756.9	2,714.0
– GTV from orders placed on our platform and fulfilled by us	1,100.8	1,112.6	777.3
– GTV from orders placed on third-party mobility service platforms and fulfilled by us under third-party user traffic cooperations	209.7	504.4	1,617.5
– GTV from orders placed on our platform and fulfilled by third-party mobility service platforms under third-party service fleet cooperations	–	139.9	319.2
Order volume (millions)	46.0	66.0	97.3
– Volume of orders placed on our platform and fulfilled by us	38.7	42.3	28.3
– Volume of orders placed on third-party mobility service platforms and fulfilled by us under from third-party user traffic cooperations	7.3	18.7	57.0
– Volume of orders placed on our platform and fulfilled by third-party mobility service platforms under from third-party service fleet cooperations	–	5.0	12.0
Daily order volume (thousands)	126.1	180.7	266.7
Average monthly active riders (thousands)	980.0	1,160.7	996.9
Average monthly active drivers (thousands)	11.9	18.6	36.8
Response rate	81.5%	84.8%	88.9%
Average ride frequency⁽¹⁾ (orders per rider)	8.8	10.2	9.0
Annual rider retention rate⁽²⁾	31.7%	31.0%	27.8%
Average GTV per order⁽³⁾ (RMB)	28.5	26.6	27.9
Average take rate⁽⁴⁾	76.7%	70.9%	66.8%
Average net take rate⁽⁵⁾	(16.6)%	(6.4)%	(4.3)%
Incentives to rider per order (RMB)	5.78	5.62	5.28
Incentives to driver per order (RMB)	2.87	1.71	1.46

Notes:

- (1) Average ride frequency of a given year is calculated by dividing the total number of orders completed on our platform during that year, by the total number of riders who completed at least one order on our platform during the same year.

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- (2) Annual rider retention rate of a given year is calculated by dividing the number of riders with at least one order completed in both the given year and the previous year, by the number of riders with at least one order completed in the previous year.
- (3) GTV refers to the value of paid transactions on our platform. In ride-hailing services, the key differences between average GTV per order and average revenue recognized per order during the Track Record Period were the incentives provided to riders per order as well as the toll fees, parking fees and taxes paid to third parties per order.
- (4) Average take rate of a given year is calculated by dividing the revenue from ride-hailing services in that year, by the GTV from ride-hailing services in the same year.
- (5) Average net take rate of a given year is calculated by dividing the profit (revenue excluding drivers' service fees, management fees paid to car partners, rider incentives and service costs of third-party mobility service platform) from ride-hailing services in that year, by the GTV from ride-hailing services in the same year.

During the Track Record Period, we generated the vast majority of our ride-hailing service revenue, GTV and order volume from the GBA. In 2021, 2022 and 2023, the revenue from our ride-hailing services in non-GBA cities represented nil, 0.5% and 3.9% of our total revenue from our ride-hailing services; the GTV from our ride-hailing services in non-GBA cities represented nil, 0.6% and 4.7% of our total GTV from our ride-hailing services; the order volume from our ride-hailing services in non-GBA cities represented nil, 0.7% and 6.1% of our total order volume from our ride-hailing services.

To achieve overall business expansion, we have been strengthening our cooperation with third-party mobility service platforms, where we fulfilled significantly increasing number of orders under third-party user traffic cooperations. Such cooperations reduced the reliance of users on our apps, which resulted in the decrease in the average monthly active riders, average ride frequency and annual rider retention rate. However, under such cooperations, we are exposed to a broader base of riders and are able to have extra orders, increase GTV and revenue. Furthermore, we also benefit from increased brand recognition as our services become known to riders using third-party mobility platforms. See “— Relationship with Industry Partners — Third-Party Mobility Service Platforms — Third-Party User Traffic Cooperation” for reasons of the increase in orders under third-party user traffic cooperations.

During the Track Record Period, we saw a decreasing trend in our average take rate, primarily because of the increase in orders completed under the third-party service fleet cooperation model, where we recognize revenue on a net basis in the amount of the order matching fees we receive. During the Track Record Period, we recorded negative average net take rate primarily due to the significant cost of revenue incurred, which exceeded our revenue, primarily attributable to the significant drivers' service fee. See “Financial Information – Description of Major Components of Our Results of Operations – Revenue” and “Financial Information – Description of Major Components of Our Results of Operations – Cost of Revenue.” During the Track Record Period, our negative average net take rate narrowed significantly, which is in line with the improvement of gross loss margins, from (24.2)% in 2021 to (10.7)% in 2022, and further to (7.0)% in 2023. See “Financial Information – Description of Major Components of Our Results of Operations – Gross Loss and Gross Margin.”

BUSINESS

The following tables set forth breakdown of our revenue from ride-hailing services by customer type in amounts and as percentages of our revenue from ride-hailing services for the periods indicated:

	Year ended December 31,					
	2021		2022		2023	
	Amount	%	Amount	%	Amount	%
	<i>(RMB in thousands, except for percentages)</i>					
	<i>(unaudited)</i>					
Revenue from orders fulfilled by us ⁽¹⁾	1,005,188	100	1,231,664	98.9	1,788,171	98.7
Individual riders	991,648	98.7	1,199,597	96.3	1,737,326	95.9
Enterprise customers	13,540	1.3	32,067	2.6	50,845	2.8
Revenue from orders placed on our platform and fulfilled by third-party mobility service platforms under third-party service fleet cooperations	–	–	13,292	1.1	23,962	1.3
Total	<u>1,005,188</u>	<u>100.0</u>	<u>1,244,956</u>	<u>100.0</u>	<u>1,812,133</u>	<u>100.0</u>

Note:

- (1) Revenue from orders fulfilled by us includes (i) revenue from orders placed on our platform and fulfilled by us; and (ii) revenue from orders placed on third-party mobility service platforms and fulfilled by us under third-party user traffic cooperations.

OnTime Lite

We launched our OnTime Lite option in addition to the regular option. We position OnTime Lite as a more affordable option, aiming to better reach price-sensitive groups. Despite the pricing difference, we have consistent compliance programs for OnTime Lite and maintain the same level of safety measures as that of our regular service. This differentiates OnTime Lite from other affordable ride-hailing options in the market and gives it a strong competitive edge. The combination of the regular option and OnTime Lite helps us penetrate a wider rider base and improve market share.

The pricing advantage of OnTime Lite is especially notable in long-distance trips, where drivers benefit from improved efficiency due to a decrease in deadhead time as a percentage of total operation time. As a result, drivers receive higher fees in total, while riders enjoy such services at a lower charge, thus creating a win-win for the riders and drivers. OnTime Lite not only helps us expand our ride-hailing service capacity, but also improves our overall response rate, which we consider to be a crucial indicator of the efficiency and competitiveness of our service.

BUSINESS

In 2023, OnTime Lite accounted for 8.4% of the total order volume of our ride-hailing services, indicating that affordability is not the only factor considered by our customers. Instead, our riders would consider a range of factors other than price, such as the level of service provided, when they make their choices. While OnTime Lite maintains the same stringent safety measures as our regular option, the latter imposes higher service requirements on drivers, such as post-pickup confirmation calls, dress codes and more extensive training. This comprehensive approach to service quality in our regular option may influence riders' choice, leading them to opt for the regular option despite the availability of a more affordable alternative.

Enterprise Solutions

We have built a solid brand image as a trustworthy platform with high compliance standards, backed by state-owned enterprises and leading technology companies. This, combined with our strong network in Guangdong province, has helped us acquire a wide range of enterprise customers including local enterprises and governmental agencies.

Our enterprise solutions aim to address business use cases, such as business trips, overtime commutes, hospitality, conference and other events. Services and pricing are otherwise generally the same as those for individual customers. We also provide enterprise customers with premium benefits, including priority dispatch, a designated customer officer, extra insurance and billing and settlement support, the fee charges for which are determined on a case-by-case basis according to each enterprise customer's unique requirements and is typically negotiated through a tender process. Potential enterprise customers typically require us to participate in a tender process where we compete with other service providers. The selection is typically made based on a comprehensive evaluation of the following factors: (i) geographic coverage of services; (ii) capacity of service fleet; (iii) safety, efficiency and other aspects of service quality; (iv) pricing; and (v) platform functionalities, including API and H5 bridging support and connection with customers' internal approval process.

Enterprise customers may register with us through our *OnTime Enterprise* app to open an enterprise account. Offering a full-suite of functions such as the management of authorized personnel, setting travel policies, checking account balances and booking trips, this app serves as a one-stop enterprise travel management tool.

In 2021, 2022 and 2023, the average monthly active enterprise customers amounted to 0.2 thousand, 0.4 thousand and 0.4 thousand, respectively, representing 0.02%, 0.03% and 0.04% of the average monthly active riders for our ride-hailing services, respectively. Below set forth key terms of our service agreements with enterprise customers:

- *Duration:* The duration of the agreement is typically one year.
- *Scope of service:* We typically offer the full range of our mobility services to our enterprise customers through our *OnTime Enterprise* app, unless the enterprise customer's internal policies set certain limitations on the authorized service scope.

BUSINESS

- *Service charges:* We typically charge our enterprise customers service fees at the same pricing mode as we charge our individual riders. See “Business – Our Service Offerings – Mobility Services – Ride-Hailing – Pricing and Settlement.” The fee charges for premium benefits we offer to enterprise customers are determined on a case-by-case basis according to each enterprise customer’s unique requirements and is typically negotiated through a tender process.
- *Payment:* We typically require our enterprise customers to top up their account balance with us upfront, or grant enterprise customers a credit line which is settled on a monthly basis. The fee for every authorized trip is deducted from the balance or credit line upon completion.
- *Termination:* The agreements will be terminated upon the expiration, or upon written notice by either party in the event of the circumstances as set forth in the relevant agreements, such as liquidation or bankruptcy.

Pricing and Settlement

Prior to the start of each trip, both the rider and the driver are presented with a fee quote calculated based on the mileage and duration of the order, which is typically based on market pricing in the local mobility industry and dynamically adjusted by taking into consideration multiple factors, primarily including (i) local supply and demand, (ii) local consumption and income levels and (iii) the timing of the order (i.e., during peak or regular hours). The fee quote consists of four parts, namely (i) a fixed base fee which covers a certain distance cap and time cap; (ii) a mileage fee which starts accruing once the trip distance exceeded the distance cap included in the base fee and is calculated by a fee rate per additional kilometer; (iii) a time fee which starts accruing once the trip time exceeded the time cap included in the base fee and is calculated by a fee rate per minute; and (iv) on top of (i) to (iii), when the trip exceeds a certain distance, a long-distance surcharge is applied where an additional fee per kilometer is added to the total fee.

The ride fees for the regular option and OnTime Lite are calculated based on the same method, and we grant higher rider incentives to OnTime Lite riders. The pricing methodology for enterprise customers is the same as that for individual customers, namely pricing based on the mileage and duration of the order. In the vast majority of cases, the price per kilometer and per hour is the same for our enterprise customers and individual riders. While in certain cases, particularly when our enterprise solutions were in the early stages, we offered certain enterprise customers a relatively favorable price per kilometer and per hour, which is detailed in the relevant contracts. As of December 31, 2023, customers granted such favorable price represented no more than 5% of our total enterprise solutions customers.

BUSINESS

During the Track Record Period, before the deduction of applicable rider incentives, the average price per kilometer and per minute for ride-hailing services was typically RMB1.70 and RMB0.33, respectively, which may vary depending on the specific geographical market and the timing of the order. In 2021, 2022 and 2023, the average ride fee charged per order for ride-hailing services, which is calculated by dividing the ride-hailing GTV for a given period by the total order volume of ride-hailing services in that period, was RMB28.48, RMB26.64 and RMB27.88, respectively.

The fee we charge the rider is typically higher than the driver's income from the trip. Driver earnings typically account for 70%-80% of the fee we charge the riders, before the deduction of applicable rider incentives (which is recorded as a deduction of revenue). See "Financial Information – Material Accounting Policy Information, Judgments and Estimates – Revenue – Mobility Services Business – Incentives."

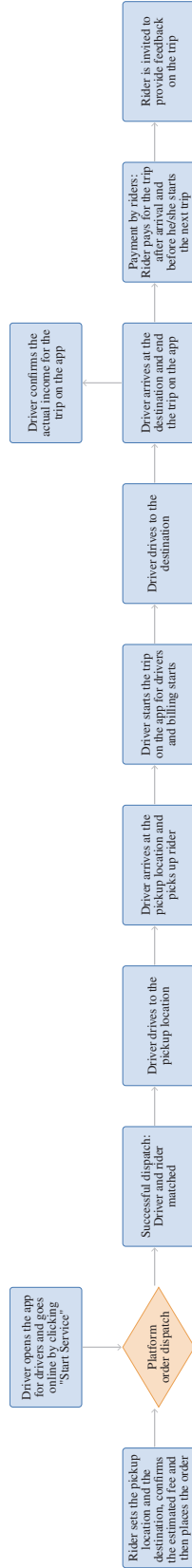
As a consideration for the driver management services provided by our car partners, we pay them management fees calculated by multiplying (a) driver earnings by (b) various numerical values, including, among others, performance factor, service quality factor, compliance factor, driver online rate factor and growth factor, and then (c) subtracting deductions if any safety incident happens, where (i) driver earnings are the total earnings generated by all drivers under a car partner's management; (ii) performance factor is a numerical value assigned based on the amount of driver earnings from performance-qualified drivers; (iii) service quality factor is a numerical value assigned based on the assessed service quality level; (iv) compliance factor is a numerical value assigned based on compliance rate for the orders fulfilled; (v) driver online rate factor is a numerical value assigned based on the quotient of (a) the sum of daily active drivers over a given period (i.e., X days) and (b) the product of X and the total number of drivers; (vi) growth factor is a numerical value assigned based on the growth rate in the number of drivers. We apply the same management fee rate calculation basis to our car partners which are associates of GAC as we do to our car partners which are independent third parties. In 2021, 2022 and 2023, the average rate of management fees paid to our car partners was 3.5%, 3.5% and 2.4%, respectively. See "— Relationship with Industry Partners – Car Partners." In 2021, 2022 and 2023, the average management fee per order we pay to car partner was RMB0.84, RMB0.61 and RMB0.40.

Our competition strategy is to offer more affordable ride-hailing services with premium services. We believe that our premium service gives us a significant competitive edge in building a growing rider base. Two major factors underpin our competitive pricing strategy. Firstly, vehicles on our platform have lower operating and maintenance costs. Unlike many of the ride-hailing service providers who still rely primarily on traditional fossil fuel vehicles, vehicles on our platform consist primarily of electric vehicles. According to Frost & Sullivan, an electric vehicle has 40% lower life-cycle costs than a comparable fossil fuel vehicle. Secondly, with a strong foothold in the Greater Bay Area where there is significant agglomeration effect amongst closely connected major cities, we are able to manage the cost of acquiring new riders.

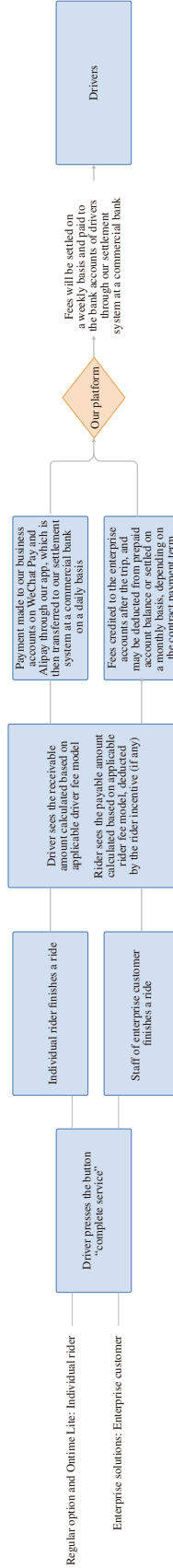
Service Flow and Fund Flow

Service flow and fund flow of our ride-hailing services are set forth as below:

Service Flow



Fund Flow



* This fund flow diagram represents the typical situation of individual riders using our app without taking into consideration (i) orders placed through our platform to be fulfilled by third-party mobility service platforms or (ii) orders placed through third-party platforms to be fulfilled by us, where we typically settle with third-party mobility service platforms on a weekly basis.

BUSINESS

Neither our car partners nor we enter into employment agreements with drivers, and therefore the drivers are not the employees of our car partners or us. Drivers registered on our platform are required to comply with our ride-hailing service agreements. Below are the key terms of our ride-hailing service agreement with drivers:

- *Registration and approval to be a driver:* The driver must hold a valid driver's licence and all other required licences, permits, registrations and approvals required to provide services.
- *Scope of services:* Our platform assign drivers to fulfill ride-hailing orders from riders, and the drivers shall perform service in manners as specified by our platform.
- *Compliance:* The driver shall comply with the Interim Measures for the Management of Online Ride-Hailing Operation and Service (《網絡預約出租汽車經營服務管理暫行辦法》) and relevant laws and regulations. Drivers are also required to follow our platform's rules to deliver high quality service and refrain from misconducts and abusive uses of our platform. We also have driver evaluation system to assess their performance based on order completion rate, ratings and specific rider feedback.
- *Service fees:* Drivers' service fees are determined based on a formula that we may adjust from time to time. See "Business – Our Service Offerings – Mobility Services – Ride-Hailing – Pricing and Settlement." Fees are typically settled on a weekly basis and paid to the bank accounts of drivers through our settlement system at a commercial bank.
- *Liability:* The driver is liable for compensation of any tortious damage caused to third parties due to the driver's fault.
- *Termination:* In the event of a driver's breach of contract, we may take measures such as suspending or terminating the account and deducting liquidated damages from any unsettled service fee balance subject to the nature and degree of breach.

Below are the key terms of our ride-hailing service agreement with riders:

- *Registration eligibility:* The rider must be an adult over the age of 18 with full legal capacity.
- *Scope of service:* At the rider's choice, he/she can enjoy the following services: (i) mobility service when an order placed by the rider is accepted by our platform; (ii) access historical mobility service records; and (iii) other new service that we may launch from time to time.

BUSINESS

- *Compliance:* We request riders refrain from misconduct, including: (i) using false or illegal information to apply for user accounts; (ii) engaging in illegal criminal activities through our accounts; (iii) creating fake accounts in bulk; (iv) infringing on the legitimate rights and interests of third parties through our platform; and (v) any other conduct that violates laws and regulations.
- *Fees and payment:* We charge service fees based on our pricing policies which we may update from time to time. See “Business — Our Service Offerings — Mobility Services — Ride-Hailing — Pricing and Settlement.” The rider should pay the fees promptly upon our request after using the service.
- *Liability:* If a rider breaches the agreement, we may suspend, terminate, or take other restrictive action depending on the severity of the breach.
- *Termination:* The rider may terminate his/her account with us after settling any unpaid charges.

As a ride-hailing service provider in China, we shall comply strictly with the applicable PRC laws and regulations, such as the Interim Measures for the Management of Online Ride-Hailing Operation and Service (《網絡預約出租汽車經營服務管理暫行辦法》). For example, we shall assume the carrier’s responsibilities, including, among others, (i) ensuring operational safety and safeguard riders’ lawful rights and interests; (ii) ensuring that the drivers and vehicles providing services are licensed; and (iii) purchasing carrier liability insurance for the riders. See “Regulatory Overview — Regulation Relating to Ride-Hailing Services.”

Robotaxi

Recognizing the opportunities brought by the rapid advancement of autonomous driving technologies, we leverage our position as a ride-hailing service provider with deep ties to industry participants to promote the commercialization of Robotaxi. We started promoting the development and commercialization of Robotaxi in 2021. In October 2022, we were the first mobility platform in the world to launch a commercialized hybrid operation of manned ride-hailing and Robotaxi services, according to Frost & Sullivan, marking a significant step towards the large-scale commercialization of Robotaxi. Our Robotaxi operation technology platform is compatible with various autonomous driving solutions as well as Robotaxi vehicle models. Our rich platform capabilities encompass various aspects in the operation of ride-hailing services, which can be seamlessly leveraged in the operational management of unmanned service vehicles. As of December 31, 2023, our Robotaxi service operated for an aggregate of 20,080 hours and covered 545 stops, completing 450,699 km of accident-free operations. During the Track Record Period, the revenue generated from Robotaxi was marginal.

BUSINESS

The Greater Bay Area, as the national pilot field for autonomous driving technology development and testing, offers favorable industrial policies and has become the frontier of technology innovation and commercialization. According to the Guangzhou Municipal Bureau of Industry and Information Technology, Guangzhou has won a number of “national firsts” in the field of autonomous driving: the first to approve a 5G remote driving test; the first to recognize the road test licenses for intelligent connected vehicles issued by other cities; the first to issue autonomous driving passenger test licenses; the first to carry out large-scale Robotaxi technology verification; the first to conduct road tests on arterial roads in central urban areas; the first to allow autonomous driving enterprises to obtain ride-hailing platform licenses; the first to launch a standardized process for the mass production of L4 autonomous vehicles; and the first to issue comprehensive guidance for city-level IoV pilot zones.

Our mobility service operation management system can adapt to the solutions of various autonomous driving solution providers, and we have jointly launched specialized Robotaxi vehicle models with autonomous driving solution providers, further extending our footprint along the Robotaxi industry value chain. As of December 31, 2023, our platform was connected to autonomous driving solution providers such as Pony.ai and the GAC R&D Center, and we are entering into collaborations with a number of other companies.

We have made rapid progress since the start of our Robotaxi operations, achieving the following milestones.

Time	Event
April 2022	We launched the first open Robotaxi operation technology platform globally, according to Frost & Sullivan.
April 2022	Pony.ai’s Robotaxi fleet in Nansha District, Guangzhou was also officially connected to our <i>OnTime Mobility</i> travel platform.
October 2022	We launched the commercialized hybrid operation of manned ride-hailing and Robotaxi services in Guangzhou, the first mobility service platform in the world to achieve this, according to Frost & Sullivan. Upon launch, third-party Robotaxis were connected to our platform for demonstrative commercial operation.
December 2022	A Robotaxi vehicle model, which was jointly developed by Pony.ai and us based on the GAC Group’s AION LX vehicle model, was included in the catalog of demonstrative operation vehicle models in Guangzhou.

BUSINESS

Time	Event
April 2023	We obtained the Intelligent Connected Vehicle Demonstrative Operation Qualification in Nansha District, Guangzhou, and was therefore the first mobility service platform to conduct demonstrative operation with a proprietary Robotaxi fleet in China. This qualification allows us to start demonstrative operation with our own Robotaxis.
June 2023	We entered into cooperation with Pony.ai and Shenzhen Qianhai Shenzhen-Hong Kong Modern Service Industry Cooperation Zone Administration to conduct pilot commercial operation of autonomous driving in Qianhai Cooperation Zone, Shenzhen.
November 2023	Our Self-Declaration for Safety of the Intelligent Connected Vehicle Road Testing has been certified by the Joint Working Group of Shenzhen Municipality for Road Testing and Demonstrative Employment of Intelligent Connected Vehicles, which means that we have been permitted to, and have actually expanded our road testing activities of intelligent connected vehicles in Shenzhen (within Qianhai Area, Nanshan Yuehai Area, Bao'an Airport Area, Shenzhen Bay and Shenzhen Bay Port). Within the same month, a fleet of our own Robotaxis were permitted to commence operations within these areas of Shenzhen.
December 2023	A new generation Robotaxi vehicle model, customized by Pony.ai for us based on the GAC Group's Toyota Sienna Autono-MaaS vehicle model, obtained the Demonstrative Commercial Operation Qualification in Nansha District, Guangzhou. Within the same month, we connected a fleet of our own Robotaxis based on this model to our platform for demonstrative commercial operation.
January 2024	Our Self-Declaration for Safety of the Intelligent Connected Vehicle Demonstrative Employment has been certified by the Joint Working Group of Shenzhen Municipality for Road Testing and Demonstrative Employment of Intelligent Connected Vehicles, which permits us to conduct rider-carrying Robotaxi demonstrative employment activities in Shenzhen (within Qianhai Area, Nanshan Yuehai Area, Bao'an Airport Area, Shenzhen Bay and Shenzhen Bay Port). Within the same month, we obtained the Intelligent Connected Vehicle Commercialized Pilot Operation License in Bao'an District, Shenzhen, which allows us to offer commercialized Robotaxi services within this district.

BUSINESS

We are enriching our ride-hailing services by utilizing Robotaxi for ride hailing services under our hybrid operation model. Our hybrid operation model provides our riders with a consolidated single portal to choose either the manned ride-hailing option or Robotaxi service option. Below are the key terms of our Robotaxi service agreement with riders:

- *Eligibility:* The rider must be an adult over the age of 18 with full legal capacity and free of serious diseases and conditions that make him/her unfit for the ride.
- *Scope of service:* We offer pilot autonomous driving experience service. The choices of pick-up location and destination are limited due to safety reasons. The routes are determined by algorithms, and we may not be able to accommodate route selection or changes based on the riders' preferences.
- *Compliance:* We request riders refrain from misconduct, including: (i) touching the steering wheel or vehicle autonomous driving system; (ii) using our service while in an impaired state, including being under the influence of alcohol or experiencing impaired consciousness; and (iii) conducting, or requiring the safety officer to perform an act that violates applicable traffic laws or other regulations.
- *Fees:* The fee we charge is currently calculated based on the mileage of the order, and such pricing methodology may be updated from time to time given the rapid development of Robotaxi technologies and industry. The rider should pay the fees promptly upon our request after using the service.
- *Liabilities:* We are only liable to direct damages to riders caused by our fault. In relation to safety accidents caused by defects that may be inherent in driverless mobility vehicles and that cannot be detected with the current state of science and technology, we are only liable within the scope of our commercial insurance liability.
- *Termination:* Both our platform and the rider have the right to unilaterally terminate the agreement.

Benefiting from our continuous refinement of Robotaxi operation to bring its stability and reliability on par with manned service vehicles, our model introduces riders with real-life experience with Robotaxi services, instead of offering Robotaxi services as a standalone test service option. Subject to overall service capacity and compatibility with the Robotaxi ODD, we prioritize matching riders with Robotaxi fleet when dispatching orders if they choose both manned ride-hailing option and Robotaxi option, so as to encourage rider confidence and seek rider feedback.

BUSINESS

We launched the demonstrative commercialized hybrid operation of manned ride-hailing and Robotaxi services in Guangzhou in October 2022, thereby beginning to accept paid orders for Robotaxi rides, by which time 15 vehicles owned by a third-party autonomous driving solution provider had been put into paid operation, achieving a paid operation coverage of 803 km². In April 2023, our proprietary Robotaxi fleet of 22 vehicles had been put in paid operation. As of December 31, 2023, our Robotaxi service operated for an aggregate of 20,080 hours and covered 545 stops, completing 450,699 km of accident-free operations. As of the same date, a total of 281 vehicles were connected to our Robotaxi operation technology platform, among which 35 vehicles were owned by us and the remaining were owned by our partners such as Pony.ai and GAC R&D Center. As of the Latest Practicable Date, all of our own Robotaxi vehicles were equipped with L4 autonomous driving technology, being the highest level of autonomous driving technology equipped on Robotaxi vehicles in the world as of the same date, according to Frost & Sullivan. With our continuous refinement of Robotaxi operation, the stability and reliability of Robotaxi are expected to gradually reach the level of manned service vehicles, while by 2026, the cost per kilometer by Robotaxi is expected to be lower than that of manned ride-hailing services. See “– Relationship with Industry Partners – Other Industry Partners – Pony.ai, QCraft and NavInfo” for the key terms of our framework cooperative agreements with industry partners connected to our Robotaxi operation technology platform.

The fee quote for paid orders fulfilled by our own Robotaxis is formulated according to local policies and currently consists of three parts, namely (i) a fixed base fee which covers a certain distance cap; (ii) a mileage fee which starts accruing once the trip distance exceeded the distance cap included in the base fee and is calculated by a fee rate per additional kilometer; and (iii) on top of (i) and (ii), when the trip exceeds a certain distance, a long-distance surcharge is applied where an additional fee per kilometer is added to the total fee. During the Track Record Period, before the deduction of applicable rider incentives, the average price per kilometer for our own Robotaxis was typically RMB1.77, which may vary depending on the timing of the order (i.e., during peak or regular hours). In 2023, the average ride fee charged per order for our own Robotaxis, which is calculated by dividing the Robotaxi GTV for a given period by the total paid order volume fulfilled by our own Robotaxis in that period, was RMB10.90.

The fee quote calculation basis for paid orders fulfilled by our third-party Robotaxis is at the discretion of relevant third-party service providers according to local policies. In 2022 and 2023, the average ride fee charged per order for third-party Robotaxis, which is calculated by dividing the Robotaxi GTV for a given period by the total paid order volume fulfilled by their Robotaxis in that period, was RMB11.43 and RMB12.47, respectively. Commercialized Robotaxi operation remains in a nascent stage as market participants continue to explore and refine the commercial model. Fees charged at the current stage may not be indicative of the future Robotaxi operations.

The hybrid operation of manned ride-hailing and Robotaxi services makes strategic value contributions to our platform. Such model presents our riders with the novel Robotaxi service option in parallel with the regular options. Under such model, various aspects of Robotaxi operations are tested in real-life scenarios, helping us refine Robotaxi service operation. We also accumulate diversified real-world use cases of Robotaxi through such model, which offer opportunities for enhancing ability to tackle complex and corner cases and refining operation to cover a wider range of real-world scenarios.

Through the hybrid operation of manned ride-hailing and Robotaxi services, we endeavor to improve our operational efficiency and service quality, optimize user experience, reduce traffic congestion, improve traffic safety and promote the commercialization of autonomous driving technology and ultimately facilitate the transition and upgrade of mobility service into a higher level of convenience and efficiency.

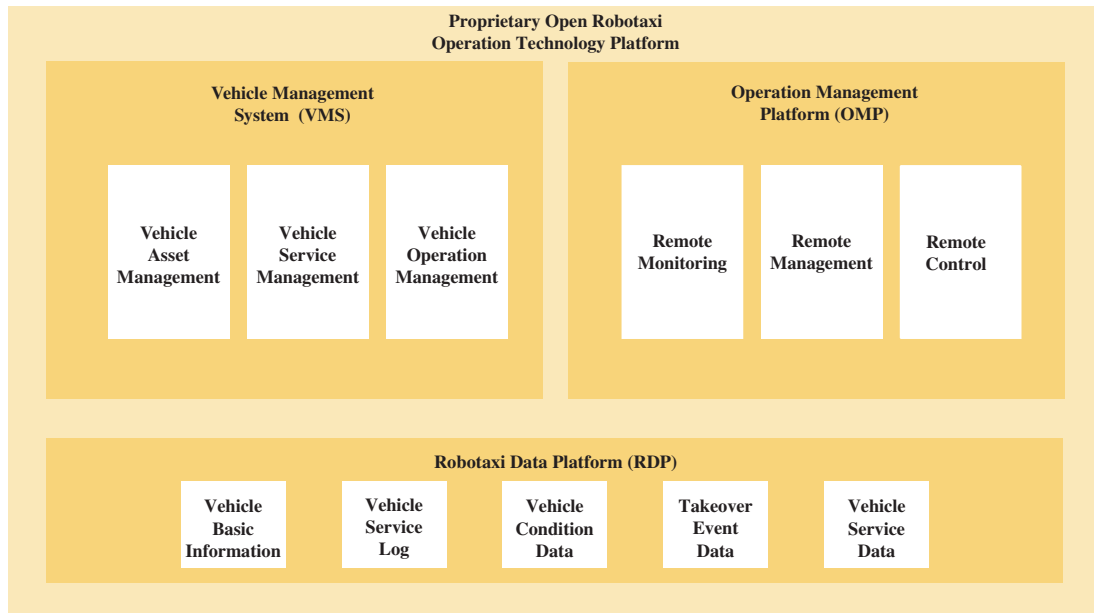
Our Technology Strengths

Our proprietary technologies underpin our hybrid operation. Integrating multiple algorithm models, such as reinforcement learning, SVM and Wide & Deep, we can process dense features and sparse features at the same time. We consider multiple factors in our hybrid operation, including rider destination, driver/Robotaxi location, traffic conditions, vehicle type, weather conditions and ODDs of different autonomous driving vehicles, so as to match the riders to the most efficient option. Meanwhile, through algorithm prediction, our platform provides intelligent pick-up and drop-off point recommendations based on factors such as the weather, traffic conditions and user preferences.

Our proprietary open Robotaxi operation technology platform comprises VMS, OMP and RDP. Being the bedrock of our Robotaxi operation technology platform, RDP performs storage, sanitizing and mining of Robotaxi data, and building up a high-quality scenario vault with the help of algorithm models. OMP supports remote monitoring and management of Robotaxi vehicles to achieve optimal management of capacity. It enables intelligent collaboration between vehicles and road networks, offering real-time road condition predictions and optimized route recommendations. OMP can optimize vehicle operation efficiency and service quality and provide valuable feedback for the advancement of autonomous driving technology. VMS provides comprehensive vehicle asset management, vehicle service management and vehicle operation management services. We also have a vehicle condition remote evaluation function under the vehicle operation management module of VMS, which monitors and evaluates various indicators including rider experience, driving compliance, driving safety, emergency detection and response and the ODD of different autonomous driving solutions.

BUSINESS

The following chart illustrates the core modules and competencies of our proprietary open Robotaxi operation technology platform.



Leveraging our data assets and experience in mobility service operation, we work closely with technology partners in the development and application of autonomous driving solutions, with the aim of lowering the cost of autonomous driving vehicles and making them commercially viable for mobility services. See “— Technology Services.”

Other Services

Our other services primarily comprise: (i) hitch services; and (ii) marketing and promotion services.

Hitch

Deeply rooted in the Greater Bay Area, we became increasingly aware of the unique features of the local market and its demands. The Greater Bay Area is a close-knit network of major cities with a shared culture and frequent socio-economic interactions, and hence has great demand for inter-city short trips. Leveraging the existing user traffic on our platform attracted by our ride-hailing services, we expanded into hitch services in 2020 to provide a more flexible and cost-efficient option. We primarily work with certain third-party platforms in hitch services, where orders placed on our platform are dispatched to them for fulfillment. Our platform is not responsible for this service delivery, and hence only charges the driver an information service fee of around 5% of the total fee paid by the rider.

BUSINESS

Hitch is generally more affordable than the ride-hailing options, since the cost of the trip is shared by the car owner-driver and the rider, instead of borne entirely by the rider. We typically allow up to four riders to share the journey with a car owner-driver, unless either the driver or the rider elects to limit the number of riders at an additional cost. The more riders that share the same journey, the cheaper the cost is for each.

Marketing and Promotion Services

Our marketing and promotion services mainly focus on online advertisements, especially on our mobile apps and Weixin Mini Program, and we typically deliver the services on a project basis. We did not undertake such projects in 2022.

Technology Services

Our technology services are categorized into: (i) AI data and model solutions; (ii) HD maps; and (iii) other technology services primarily including smart transportation solutions. Our revenue from technology services amounted to RMB1.1 million, nil and RMB26.5 million, respectively, in 2021, 2022 and 2023. We are in the process of expanding our technology services. As of the Latest Practicable Date, we had secured orders for our technology services with a total contract value of RMB57.9 million.

We deliver technology services on a project basis and the prices of such services are negotiated on a case-by-case basis with a cost markup pricing method, specifically, (i) for AI data and model solutions, we determine our prices by taking into account, among others, (a) our R&D investment in AI data and model solutions, (b) the labor cost in project execution, (c) the size and complexity of the project, and (d) the precision and customization requirements and the urgency of delivery stipulated by the customer; (ii) for HD maps, we determine our prices by taking into account, among others, (a) our R&D investment in HD maps, (b) the data collection, production and maintenance costs, (c) the size and complexity of the project, and (d) the precision and customization requirements and the urgency of delivery stipulated by the customer; and (iii) for other technology services, we determine our prices by taking into account, among others, (a) our R&D investment in offering such services, (b) hardware costs, (c) operational and maintenance costs, (d) the size and complexity of the project, and (e) the prevailing industry rates. When determining the final price, we may also consider other general circumstances such as the customer's long-term demand, importance, cooperative relationship with us and contribution to our technological and R&D capabilities.

AI Data and Model Solutions

Our mobility service platform generates a vast amount of traffic data. We have sophisticated internal control and data security systems in place, which enable us to harness the value of such data assets while adhering to a strict compliance program to avoid unauthorized use and leakage. Our data assets, combined with our market insights in China's mobility service market, support our expansion into autonomous driving data solutions and smart transportation solutions, and empower the application of autonomous driving technologies and intelligent connected vehicles.

We work with Pony.ai, a leading autonomous driving solution provider, as well as the Robotaxi fleet of GAC R&D Center in R&D initiatives in the autonomous driving field. A variety of data is generated under such cooperation, including perception data, decision flow data, operation management data and statistical data. We have contractual rights to utilize these data in manners compliant with data privacy laws. In the process of in-depth data analytics and application, we have accumulated technological strengths. The availability and affordability of high-quality autonomous driving data are crucial to the commercialization of autonomous driving technologies. Data analysis feeds back to the development of autonomous driving technologies, enabling closed-loop training of autonomous driving algorithms.

To harness the value of our data assets, we have created use case databases and optimized-data models, which help us tap into the value chain of autonomous driving technology. Our AI data and model solutions focus on providing one-stop solutions encompassing data collection, data annotation, data management and model training for the autonomous driving industry. We have developed a set of tools and platform that can be used for multimodal data training, including OnTime Data Collects (data collection), OnTime Data Management (data management), OnTime Data Encoder (data annotation) and OnTime AI Trainer (an integrated platform combining data container management, with model development, model training and model evaluation functions). Our one-stop solution boosts the efficiency of data-feature extraction, management and model optimization, as well as simplifying the fusion of autonomous driving 2D images and 3D point cloud data. Powered by our proprietary perception AI model, OnTime Data Encoder greatly improves the ability of automatic annotation, and the recall and precision for pre-annotations in 2D/3D object detection, 3D instance segmentation and LiDAR camera fusion both reached an industry-leading level of over 95%, according to Frost & Sullivan. We deliver our AI models to automobile manufacturers through OTA, helping them level up the perception capabilities of their autonomous driving algorithms.

High-definition Map

Our HD map, OnTime MapNet, integrates data collection, real-time vehicle- and cloud-end updates and multi-layer integration, and is committed to providing real-time, low-cost and high-quality HD map update solutions for automobile manufacturers and map developers. The vehicle sensor equipment collect real-time environmental and geographic information around the vehicle, and utilize vehicle-end computing power for automated data supplementation for high-precision maps. We collaborate with municipal transportation departments to ensure the authoritativeness, reliability and timeliness of our map data. In addition, our proprietary perception model uses machine learning and deep learning algorithms to integrate multi-source data and continuously perfect and upgrade existing map data with newly collected data to achieve timely updates of traffic conditions, road conditions and other transportation information, empowering our highly reliable and up-to-date map information. In November 2022, we entered into a strategic cooperation with NavInfo to build a strategic partnership in three major areas, namely HD map, autonomous driving and smart traffic.

Reliable and real-time HD maps are an important prerequisite for autonomous driving technologies and urban navigation functions. Our OnTime MapNet solution empowers intelligent vehicles to achieve stronger performance in positioning precision, route planning, road coverage, scenario awareness and decision-making, ultimately achieving greater operational safety. Our HD maps are primarily provided to autonomous driving solution providers and providers of navigation services.

Other Technology Services

We also provide other technology services, primarily including smart transportation solutions, which are typically delivered on a project basis.

Leveraging *Qi Cube's* capabilities of making overall strategic decisions, we can provide real-time road monitoring services, traffic planning services and other operational support for traffic management departments at all levels, delivering significant commercial and social value, so as to enhance efficiency while promoting safety. We work closely with municipal transportation authorities to participate in the construction of urban intelligent transportation infrastructure. Since August 2022, we had been engaged by China's Ministry of Industry and Information Technology to work under the V2X project, where we were responsible for developing V2X smart hardware to be preinstalled on vehicles, turning the vehicles into data terminals that collect various transportation data, and interact with intelligent transportation infrastructure, while connected to the government's transportation planning platform to facilitate traffic planning. The contract value of this project is over RMB20 million. As of the Latest Practicable Date, we have completed the delivery of equipment. We are also enhancing the data collection and analysis functions of our mobile apps for drivers to maximize compatibility with vehicle-borne smart hardware.

BUSINESS

Fleet Sale and Maintenance

We are dedicated to strengthening our connections with various key stakeholders in the mobility service market, including vehicle service providers, drivers and riders, and continue to enrich our service offerings to build an industry network that encompasses mobility service and automobile service. By building our own automobile service capabilities, we are able to help our drivers improve their operational efficiency with our high-quality, cost-effective and standard automobile service. In April 2022, we launched OnTime auto service center in Guangzhou, which is an offline store that offers comprehensive fleet sale and maintenance covering drivers and vehicles, offering sales of vehicles and spare parts, maintenance and repair and driver service. OnTime auto service center marked the expansion of our online influence into offline presence, forming online to offline complementary offerings. As of December 31, 2023, we were capable of providing fleet sale and maintenance to 135.2 thousand drivers. We started to generate revenue from fleet sale and maintenance in 2022. Our revenue from fleet sale and maintenance amounted to RMB118.6 million and RMB320.4 million, respectively, in 2022 and 2023. The following table sets forth a breakdown of our revenue from fleet sale and maintenance by customer type in amounts and as percentages of our total revenue for the periods indicated:

	Year ended December 31,					
	2021		2022		2023	
	Amount	%	Amount	%	Amount	%
	<i>(RMB in thousands, except for percentages)</i>					
Car partners which are associates of GAC	–	–	17,529	14.8	80,830	25.2
Car partners which are independent third parties	–	–	52,547	44.3	90,949	28.4
Other enterprise customers ⁽¹⁾	–	–	43,769	36.9	135,056	42.2
Individual drivers	–	–	4,746	4.0	13,550	4.2
Total	<u>–</u>	<u>–</u>	<u>118,591</u>	<u>100.0</u>	<u>320,385</u>	<u>100.0</u>

Note:

- (1) Other enterprise customers refer to enterprise customers other than our car partners. Our other enterprise customers during the Track Record Period were primarily engaged in the automotive industry, with their business nature primarily involving vehicle leasing and vehicle sales services. During the Track Record Period, other enterprise customers purchased fleet sale and maintenance services from us. Specifically, (i) they purchased vehicles from us; (ii) they purchased maintenance services and spare parts from us for the maintenance of their vehicle assets.

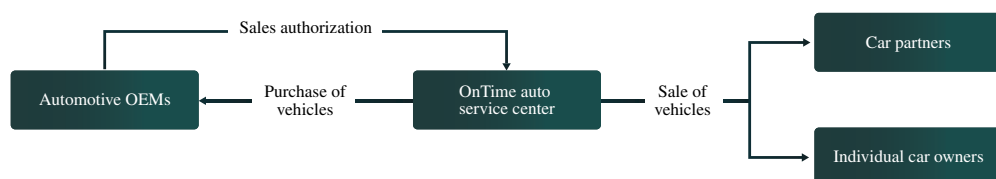
BUSINESS

The revenue from fleet sale and maintenance increased from RMB118.6 million in 2022 to RMB320.4 million in 2023, which was in line with the growth of our business scale. The revenue from car partners which are associates of GAC increased significantly by 361.1% from RMB17.5 million in 2022 to RMB80.8 million in 2023, primarily due to one of our car partners' demand for operating vehicle upgrades and replacements in the second half of 2023, resulting in our significant revenue from sales of vehicles through OnTime auto service center. The revenue from other enterprise customers increased significantly by 208.6% from RMB43.8 million in 2022 to RMB135.1 million in 2023, primarily attributable to the expansion of our customer base to include a greater number of enterprise customers other than our car partners, from 36 in 2022 to 110 in 2023. Revenue from our ten largest other enterprise customers in 2022 and 2023 amounted to RMB40.5 million and RMB97.5 million, representing 92.6% and 72.2%, respectively, of our revenue from other enterprise customers under fleet sale and maintenance business for the respective periods.

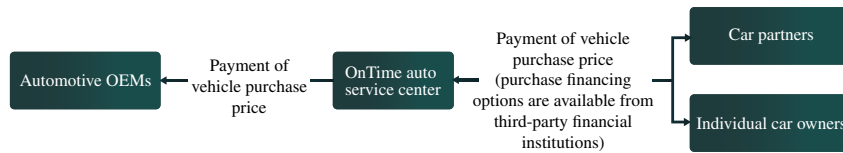
We also work with our car partners to level up their capabilities in providing driver support services. With our comprehensive services and assistance, we are able to relieve our drivers from various logistics and maintenance matters and help them increase their net operational time and improve operational efficiency. This, in turn, enhances our ability to recruit and retain drivers.

- **Vehicle Sales.** There is significant demand in China's automobile market, and hence consumers sometimes have to go through a lengthy order fulfillment period after placing an order, and are typically not given much discount. The terms may also vary significantly among automobile distributors, further complicating the automobile purchase process. This sometimes hinders the expansion of our driver base, since our car partners and drivers experience difficulties in obtaining service vehicles. Recognizing such pain point, we leverage our relationship with automobile manufacturers, including GAC Group, to provide centralized vehicle procurement to our car partners and drivers. We consolidate the demands of our car partners and drivers, and negotiate directly with automobile manufacturers for a collective deal. Such collective deals are priced based on arm's length negotiation with reference to market price charged by OEMs and taking into account the value-added services we offer, such as streamlined ride-hailing vehicle licensing assistance service and assistance service for driver registration. In 2022 and 2023, the average unit price of vehicle sales was RMB104.9 thousand and RMB105.7 thousand, respectively. We also provide other assistance, such as purchase financing, lease assistance, insurance renewal and annual inspection assistance. In 2021, 2022 and 2023, revenue from the sales of service vehicles to our car partners and individual drivers amounted to nil, RMB56.0 million and RMB174.5 million, respectively. Service flow and fund flow of our vehicle sales service are set forth as below:

Service Flow

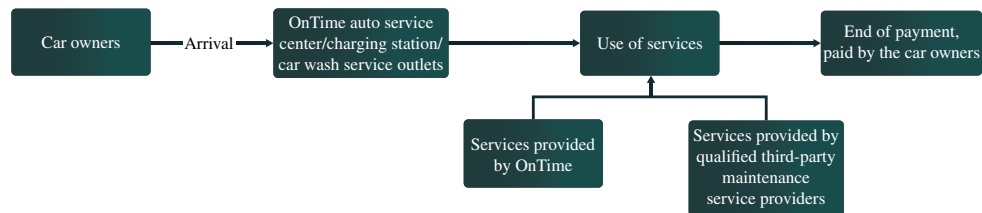


Fund Flow

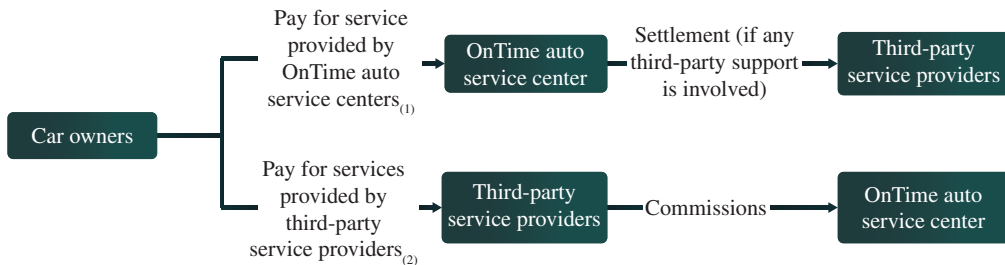


- Maintenance and Repair.** We provide standardized maintenance and repair services and ancillary services, such as car wash and EV charging, to our car partners and certain individual car owners. We have our own OnTime auto service center and also outsource certain services to qualified third-party maintenance service providers, especially where specific qualifications are required. Additionally, we also provide drivers with assistance services to help them obtain relevant licenses and to complete annual inspections, and offer career training and consultations. The pricing of our maintenance and repair service depends primarily on our labor, equipment and material costs in offering such services. In 2022 and 2023, the average unit price per order of maintenance and repair service was RMB568 and RMB543, respectively. Service flow and fund flow of our maintenance and repair service are set forth as below:

Service Flow



Fund Flow



Notes:

- These services primarily include maintenance and repair, which are priced according to the specific service items performed, considering the costs of materials used and the service rendered.
- These services primarily include charging and car wash, which are priced by third-party service providers.

BUSINESS

Our fleet sale and maintenance also empower Robotaxi services, achieving longer operating hours and higher operational efficiency, and ultimately turning around from loss to profit making. We have been exploring an automated service process for Robotaxi, encompassing charging, cleaning, maintenance, repair, system upgrade and data uploading. We launched the Robotaxi VMS, comprising vehicle asset management, vehicle service management and vehicle operation management, in October 2022, ramping up our intelligent inspection and automobile service management capabilities and further completing and enhancing the functionalities of our Robotaxi operation technology platform. With further penetration of the Robotaxi service, highly-streamlined daily maintenance, system troubleshooting, and inspection and repair of vehicles will become a crucial part of Robotaxi operation.

During the course of these services, we connect various industry participants including drivers, car partners, vehicle service providers, automotive OEMs as well as Robotaxi service and technology providers to form an engaging, close-knit industry network around our platform, where synergies and additional values are created leveraging the share of information, know-how, experience and resources among the industry participants, as we continue to invest in this operation.

ACCESS TO OUR PLATFORM

Our platform is accessible through our mobile apps, including, on the riders' end, *OnTime Mobility* for all services and *OnTime Enterprise* for enterprise solutions, and on the drivers' end, *OnTime Driver*. In addition to the access to our mobility services, *OnTime Mobility* also integrates an online store where users may purchase coupons and offers for mobility services.

We also operate our OnTime Mini Program on *Weixin*, allowing *Weixin* users to access most of our platform's essential functions without having to download our app. This reduces the logistics burden for first-time riders and helps us acquire new riders.

Our service is also accessible on various third-party mobility service platforms in China. Riders using third-party mobility service platforms can choose to send orders to us. Matched orders are then fulfilled by us. See “— Relationship with Industry Partners – Third-Party Mobility Service Platforms.”

We had 1,047.3 thousand average monthly active riders and 36.9 thousand average monthly active drivers, for our mobility services, in 2023.

BUSINESS

RESEARCH AND DEVELOPMENT

We aspire to stay abreast of the frontier technologies in mobility services and autonomous driving. To this end, we have invested, and expect to continue to invest in R&D activities. In 2021, 2022 and 2023, our R&D expenses were RMB116.6 million, RMB105.4 million and RMB118.9 million, respectively, representing 11.5%, 7.7% and 5.5% of our revenue in the corresponding periods. As of December 31, 2023, we had a dedicated R&D team consisting of 225 engineers and support staff led by Dr. Song, who has over 14 years' experience in computer science and technology. Aside from the R&D activities associated with our core development projects such as Robotaxi operation and technology services, we also outsource certain non-essential routine R&D tasks to third parties. See “Financial Information – Description of Major Components of Our Results of Operations – R&D Expenses.”

We partner with various industry participants in the R&D of autonomous driving and Robotaxi technologies. See “— Mobility Services – Robotaxi,” “— Fleet Sale and Maintenance” and “— Relationship with Industry Partners — Other Industry Partners.”

With our relentless R&D efforts including commitment to R&D investments, strong R&D talent pool and partnership with various industry participants, we have achieved crucial technology advancements pillaring our services and solutions.

TECHNOLOGY AND IT INFRASTRUCTURE

As of the Latest Practicable Date, we had obtained 59 registered patents in fields including mobility service platform operation, autonomous driving data solutions and Robotaxi solutions, using an agile development model driven by our acute perception of market trends. See “— Intellectual Property” and “Appendix IV – Statutory and General Information – Further Information about Our Business – Intellectual Property Rights.”

- **Big Data Analytics.** Our strong ability in big data analytics underpins our technology strengths, including dispatch optimization and precise positioning. We have a large repository of vehicle and traffic data from our mobility service operations, and harness the value of such data to power the continued improvement of our operational management of both our manned ride-hailing service vehicles and Robotaxi. We have made significant investment in the development of proprietary data analytical technologies and AI-empowered algorithm models to address the growing demand for real-time data analytics in mobility service operations. In 2020, we launched our proprietary one-stop data management and application development platform, *Qi Cube*, which serves as the brain of our mobility service platform.

- **Dispatch Optimization.** We optimize our dispatch range with intelligent dispatch algorithms, aiming to improve our operational efficiency, while enhancing user experience. Powered by AI analytical technologies, *Qi Cube* is capable of making overall strategic decisions, taking into consideration varied factors including user demand, service vehicle resources and urban transportation efficiency, which helps us optimize the matching of mobility supply and demand. *Qi Cube* features strong capability in the real-time prediction of supply and demand. Its algorithms typically divide the urban area into several hexagonal units, and directs drivers to move among the units in anticipation of changing demand. For example, *Qi Cube* can dispatch orders with higher yields to drivers during peak demand in a given area, and dispatch orders with short pick-up time to riders when there are surplus service capacity in a given area. *Qi Cube* can make prediction of the level of mobility demand in terms of order volume in a given area in 15 minutes, and achieve an accuracy rate of 86% against the actual situation, slightly ahead of the average level of industry peers, according to Frost & Sullivan. This has significantly improved the utilization rate of our service capacity and leveled up our operational efficiency. We were able to maintain and steadily improve the response rate of our services, which we consider as a crucial indicator of the efficiency and competitiveness of our service. The response rate of our ride-hailing service was 81.5%, 84.8% and 88.9% in 2021, 2022 and 2023, respectively.
- **Positioning Service.** We cooperate with Tencent Map to enhance the accuracy of advanced positioning technologies applied in mobility services. Our platform sustains sub-second response times and meter-level high-accuracy positioning. Our positioning technologies are also optimized for indoor environments, such as the parking lots of shopping malls and railway stations. In addition, empowered by our big data analytical capabilities, our platform can make recommendations for pickup and drop-off spots, to help the riders and drivers avoid crowds and traffic jams. It also provides a real-time location-sharing function for riders and drivers, facilitating the pickup process. As of December 31, 2023, we had launched 80 OnTime Stations in Guangzhou, strategically deployed according to our data analytics in large commercial complexes, central business districts and other core urban areas with high traffic. Pick up locations are sometimes hard to understand (e.g., the southwest corner of the crossroad of A street and B street), especially for riders and drivers who are less experienced or familiar with the area, and thereby resulting in time waste during the pick up process. OnTime Stations are highly visible physical constructions, so that riders and drivers can easily locate the spot for pickup. Furthermore, OnTime Stations serve as recommended pick-up points in their surrounding areas. When riders place order in the surrounding areas, our app's positioning service will automatically direct them to the stations for a more streamlined positioning and pickup process. With the help of these OnTime Stations, we have been able to significantly improve our pickup efficiency in busy urban areas and alleviate traffic congestion in the surrounding areas.

SAFETY

We attach great importance to the safety of our riders and drivers. Since our inception, we have made significant investment in establishing safety management protocols and implementing technological security solutions. We have an extensive array of safety protocols to cover risks before, during and after each ride, and a dedicated dispute resolution process. According to Frost & Sullivan, our safety measures are generally in line with mobility service market practice in China.

Identity, Qualification and Background Check

It is a prerequisite for both the riders and drivers on our platform to go through an identity verification process by providing their cell phone numbers, where a verification code is sent for authentication purposes. As required by law, cell phone numbers in China are registered through real-name authentication. In the event of emergencies, our platform can report the registered cell phone numbers to relevant authorities to quickly identify the riders.

In addition, we have formulated and implemented comprehensive procedures designed to verify the compliance status of drivers and vehicles, enabling us to promptly detect and effectively prevent drivers from circumventing the screening processes, including, among others:

- **Group-level management.** We have formulated the service fleet compliance management measures to regulate the compliance management. Moreover, we have established dedicated departments responsible for the implementation of service fleet compliance management. Our service fleet sale and maintenance department is responsible for establishing and optimizing the service fleet compliance management system, conducting screening processes and operational risk reviews. Our business operation office is in charge of the compliance and effectiveness of our operating licenses, and our service fleet planning and development office is responsible for conducting compliance-related reviews and assessments for admission and withdrawal of driver and vehicle.
- **Driver and vehicle admission review.** We engage qualified third-party service providers to conduct background checks online for screening purposes. These service providers manually screen all the drivers based on information from professional security database.
- **Ongoing compliance inspections.** Drivers are required to undergo facial recognition and photograph verification on a daily basis before commencing service to verify their identities. We also require drivers to take photos of their vehicles and upload photos to the platform to ensure proper driver-vehicle matching. By doing so, we are able to detect and prevent drivers from circumventing our screening processes.

- **Communication with regulatory authorities.** We maintain regular communications with local transportation authorities regarding driver identity and vehicle compliance verification and management, as the identity and background of all the licensed drivers and vehicles are also verified and reviewed by them.

Emergency Assistance

Riders can set up emergency contacts in the safety center and choose to share their real-time trip information. We also have a one-tap emergency assistance function in our app, which allows riders to make emergency calls to the police instantly. Additionally, our customer service team and security management department are available around the clock to assist users with any safety concerns. Our system conducts real-time analysis of the ride route, with the support of GPS, and sends automatic alerts to both riders and the drivers when the actual route significantly deviates from the planned route.

Audio and Video Recording

Our system also provides an in-vehicle audio and video recording function to keep a record of the service process, using the drivers' devices. Our drivers are required to use the audio recording function for each ride, which is performed by the microphone of their mobile phone, using the built-in audio recording module in our mobile app for drivers. The video recording function is optional for drivers, in line with the mobility service industry practice according to Frost & Sullivan, and typically performed by the dash cams. We recommend our riders to turn on audio and video recordings for safety reasons, but they have the sole discretion to decide. Once the trip is completed, the recordings are uploaded to our server. Neither the rider nor the driver is able to access such recordings. These recordings may be accessed by authorized customer service staff in the event of emergencies or disputes, or submitted to public security authorities, as appropriate. The recordings are deleted from our server after seven days if no dispute arises.

Riders may opt out of such service without affecting their ability to benefit from the other basic functions of our platform.

“Qi Cube” – Safety Monitoring

Qi Cube helps us improve trip safety and enhance user experience. It gathers data from multiple sources and conducts accurate analysis based on AI and voice recognition technologies, thus being capable of detecting vehicle operational status, including speed changes, door status and motion status, to analyze and identify irregularities. It sends alerts to the driver when it detects sudden brakes and starts, and conditions that indicate driver fatigue, to monitor and rectify issues in their driving pattern.

Driver Rating and Training

Our platform has a driver rating system, where riders are invited to provide anonymous ratings for drivers on a scale of one to five stars. Riders may also leave specific comments or raise issues. We also have designated quality inspection staff in each city that conduct routine inspection of driver service quality. These staff use our platform to go on random trips like any other riders and provide feedback for drivers afterwards. Our car partners closely track drivers' ratings and feedback, and take various measures to help them improve, with the aim of ensuring consistent service quality. For example, our car partners conduct regular training for drivers. See “— Relationship with Industry Partners – Car Partners.” Our drivers are required to complete induction training and monthly safety training. Our platform uses different channels to give drivers reminders on safe driving and how to provide a safe service.

To reduce the risk of driver fatigue, our platform also imposes a mandatory break mechanism, where drivers are required to (i) go offline to get a 20-minute rest every four hours online; (ii) go offline to get a six-hour rest every ten hours of billing; and (iii) go offline to get a six-hour rest within 18 hours since the first order in one day. To enforce drivers' compliance with such limit, drivers will be forced to be taken offline when any of such limits are triggered.

In addition, we are dedicated to monitoring and improving our regulatory compliance status of the drivers and vehicles on our platform. See “— Legal Proceedings and Compliance – Compliance.” During the Track Record Period and up to the Latest Practicable Date, we did not experience any material safety incident.

Non-compliant Behavior Management

We are dedicated to managing non-compliant user behaviors on our platform to ensure safety and quality user experience for the entire user community. We have established and implemented strict policies and measures to manage non-compliant user behaviors.

We review riders' order activity on our platform. Riders who repeatedly cancel orders, have significant late payments or otherwise engage in suspicious activities may be flagged by *Qi Cube's* system safety and integrity review mechanism and then verified by our staff. We may require those riders to make upfront payment before placing orders or block their questionable orders as necessary.

We also provide regular training and education sessions for our drivers. According to our platform's rules, drivers are generally not allowed to select or reject the orders assigned to them, violation of which would result in the drop of driver's rating. In addition, our riders are encouraged to report suspicious activities of drivers on our platform, and we will investigate the reported drivers and impose compensation or temporary banning or dismissal on those indeed in violation.

User Service and Safety

We have established and implemented a complaint management scheme and maintain dedicated teams including a customer service team, a specialized security department and a customer experience team to manage all types of users' complaint, including safety complaint and general service complaint in a graded and categorized manner, specifically:

- ***Graded Complaint Handling System.*** We have strict regulations on the handling process and time limit, in order to ensure our quick and timely response for riders' and drivers' complaint. As of December 31, 2023, our customer service team consisted of 36 full-time employees and 131 outsourced members, which is categorized into (i) first-line support responsible for receiving and addressing all inquiries or complaints submitted by users through our daily service hotline or the app, providing immediate assistance and attempting to resolve issues at the initial point of contact; (ii) second-line support, with specialized expertise in handling more complex issues; and (iii) priority concern support team, which is specifically designed for the recording, responses and tracking of safety incidents and equipped with advanced skills in complaint resolution and decision-making regarding safety concerns. If an issue cannot be resolved by the first-line team, it is escalated to the second-line team. Should the second-line team identify a complaint as safety-related, the matter is transferred immediately to the priority concern support team.
- ***High-Risk Complaints and Safety Incident Resolution.*** For urgent safety issues, users have access to a dedicated 24/7 safety hotline, established as a direct reporting channel to safeguard rider and driver safety. The hotline is managed by the first-line customer service team, which strives to achieve a 100% pick-up rate. The priority concern support team takes the lead in handling all safety-related complaints. Should they ascertain that an incident is related to safety, it is promptly escalated to a specialized security department tasked with managing and resolving the situation thoroughly.
- ***Monitoring and Quality Assurance.*** We maintain a customer experience team tasked with managing and supervising our customer service team, setting service handling benchmarks and improving service quality. We have established a customer service standard manual that delineates our service standards, which we regularly update to incorporate the latest benchmarks. These standards guide our performance assessments for customer service team and customer experience team. We utilize methods such as call monitoring to evaluate the performance of our customer service staff. Service quality is measured using efficiency metrics (such as the rate of answering calls within 20 seconds, online pick-up rates, and ticket resolution rates) and quality metrics (such as inspection pass rates and customer satisfaction).
- ***Regular Analysis and Improvement.*** We regularly analyze and compile statistics on complaints to discern trends and pinpoint areas for enhancement. Our customer service team recommends initiatives to improve management and service, with the goal of fundamentally reducing and resolving complaints that pertain to service quality.

BUSINESS

In 2021, 2022 and 2023, the order volume involving complaints accounted for 0.18%, 0.24% and 0.30% of the total order volume of ride-hailing services for the respective periods, the vast majority of which were general service complaints. The increase in percentage in 2022 and 2023 was primarily due to our expansion into new geographical markets and launch of new services such as Ontime Lite, where users might need more time to familiarize with our platform rules and relevant new service term and condition. Our complaint channels such as hotlines and apps facilitate the submission of complaints and we also rely on the feedback from users to improve our service.

Safety complaints as a percentage of total complaints we received decreased from 8% in 2021 to 4% in 2022, and further to 3% in 2023. Specifically, in 2021, 2022 and 2023, we identified nine, five and seven complaints, respectively, in our key safety areas (such as harassment, physical conflict, restriction of freedom) relating to perceived safety threats in our ride-hailing and hitch services. Other safety complaints we received during the Track Record Period primarily involved vehicle damage, minor personal or verbal conflict and suspicious activities. We took disciplinary actions on the drivers and riders who were found liable in these incidents according to the severity of their wrongdoing. Such actions include, as applicable, disciplinary consultations, suspension and termination. In the case of drivers' wrongdoing, we may deduct their earnings or the management fee paid to their car partners according to our policy.

In addition to safety complaints, during the Track Record Period, we received general service complaints from both riders and drivers. These complaints primarily included riders' dissatisfaction with vehicles or services of drivers, drivers' dissatisfaction with behaviors of riders, and disputes over ride fees between riders and drivers. Such complaints are typically recorded by our first-line and second-line customer service team and addressed in accordance with our service standards. Remedial measures taken included price adjustments, warnings, revisions to driver ratings, interviews with drivers, suspension or termination of the services, or, where necessary, removal of the driver from our platform.

During the Track Record Period and up to the Latest Practicable Date, we did not receive any safety complaint related to our Robotaxi service. During the Track Record Period, all of the complaints we received were properly resolved, and we were not subject to any monetary compensation in relation to safety complaints. During the Track Record Period and up to the Latest Practicable Date, we were subject to four litigations arising from safety incidents occurred during rides facilitated by our platform, one of which is still ongoing, and we were not subject to any claim and/or litigation arising from safety incidents occurred during rides facilitated by our platform in which we have been held liable for such incidents. Given that the ongoing litigation is an isolated case, our Directors are of the view that it will not have any material adverse impact on our business operations and financial performance. We are proactively working with relevant parties to resolve the matter. Our Directors were not aware of any malicious violent crimes such as homicide, malicious injury, sex offense and robbery perpetrated on our platform during the Track Record Period and up to the Latest Practicable Date.

BUSINESS

Based on the above and taking into account that we have established graded complaint handling system, high-risk complaints and safety incident resolution, monitoring and quality assurance processes and regular analysis and improvement procedures, the Directors are of the view that our travel safety and service management measures are adequate and effective to provide consistently high-quality and safety service to our users in the future. Having taken into account the view of our Directors as described above as well as the independent due diligence conducted by the Joint Sponsors, nothing has come to the attention of the Joint Sponsors which would cause them to cast doubt on the reasonableness of our Directors' view as above-mentioned in this paragraph in respect of the adequacy and effectiveness of our travel safety and service management measures in any material aspects.

DATA PRIVACY AND SECURITY

User data collected by our platform primarily includes users' identification, drivers' facial graphics, vehicle information, location, address, travel history, phone number, driver's license and video or audio recording during trips. We attach utmost importance to the protection of user data and compliance with relevant laws and regulations.

Integrity of IT Infrastructure

Our IT systems adopt a layered architecture, using domain-driven design with a distributed cluster system to provide high concurrent computing capacity, high availability and high functionality. Such system reduces the coupling of businesses, and improves system throughput while enhancing its maintainability, expandability and availability.

To protect security throughout the various stages of our operations and data analytics, all user data tagged and processed are stored on our firewall-protected physical servers, and our testing data, including fictitious phone numbers and plate numbers automatically generated by our testing programs which do not contain any personal information, are stored on our cloud-based storage system operated by prominent third-party cloud service providers. We back up user data in separate and various secured data back-up systems to minimize the risk of user data loss or leakage. We also conduct frequent reviews of our back-up systems to ensure that they function properly and are well maintained. We believe we maintain a stable, reliable, secure and scalable technological infrastructure that is compatible with our growing business.

We have emergency response protocols in place that specify the backup and restoration measures in the event of service suspension. We adopt multi-AZ deployments for high availability, and also conduct remote backup. These enable us to promptly restore service in the event of emergencies. During the Track Record Period and up to the Latest Practicable Date, there have not been any major interruptions, breaches, hacks or outages of our IT infrastructure and systems.

Data Security Policies

We have strict compliance programs and internal data security management policies in place to ensure compliance with the latest laws and regulations, governing the access, use and storage of user data, including, among others:

- ***Group-level management.*** We have established an organizational structure for data security and personal information protection, specifying the main duties of departments at all levels. We have also set up a data security management committee led by our chief technology officer, overseeing policy formulation and implementation. A network data security office is set up under the committee, supporting us to effectively formulate data security and personal information protection plans and supervise their implementation, and properly deal with and prevent data security risks.
- ***Consent-based user data collection.*** We only collect users' personal information under users' consent, as well as specific circumstances permitted by laws and regulations, such as necessary to provide users with ride-hailing services or to fulfill legal obligations. We retain users' personal information for the shortest period necessary to achieve the purposes of the user's authorization and ride-hailing services unless otherwise required by laws and regulations or competent authorities, which is in compliance with the applicable laws and regulations in relation to personal information protection.
- ***Full life cycle data security management.*** To ensure the integrity of user data throughout our operational management and R&D activities, we have formulated and implemented a whole set of data security management rules, which specify the full life cycle management for user data, including the requirements, standards, and procedures for assessing the legality, compliance, and necessity of data collection, transmission, storage, sharing, destruction, backup and recovery. We adhere to the principles of minimization and necessity in data collection, and have classified and graded data in accordance with the data categorization and classification security management rules, requiring safeguard measures for data at different grades based on its sensitivity and risk level. This also serves as the basis for determining internal data access and operation permissions. Additionally, we have established a rigorous access control system for data operations, requiring multi-level approval, authorization and supervision for significant data operations, along with log audits. Access to user data is subject to prior approval, based on a review of the purpose, scope and collection method of the relevant data. Any sensitive personal information that we collect and store must be desensitized or de-identified. Only specifically authorized employees may access sensitive data during limited authorized periods. Through implementing the internal data access and operation control measures based on the data categorization and classification management system, we have put in place a systematic framework for data security and personal information protection.

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- ***Comprehensive information systems.*** We have established information systems that provide security measures such as encryption algorithms and redundant backup technologies when storing and transmitting important data, personal information and other sensitive network data. We have also taken corresponding technical security measures for handling personal information in automotive data. For instance, we will have de-identified the contained facial data while transmitting in-vehicle video information to the cloud server. Based on the category and grade of personal information, we adopt differentiated technical and administrative security measures. Additionally, we implement effective, periodic backup strategies to ensure the integrity and recoverability of data.
- ***Emergency response plans.*** We have established the rules for management of emergency response plans for information security incidents, and implemented the emergency response process for data security incidents accordingly. We clearly outline the requirements for emergency activation, response, and subsequent handling of such incidents. By organizing and conducting emergency response drills on a regular basis, we have also developed an emergency response plan management and emergency response work mechanism for data security incidents.
- ***Data security training mechanisms.*** We have established a comprehensive and well-structured staff-oriented data compliance training system, ensuring organized data compliance training. We have prepared and maintained specialized internal records for the personal information protection trainings already conducted.
- ***Transparent communications with our users.*** Our users are fully informed of by our privacy policies, including, among others: (i) the types of personal information we collect; (ii) our processes of accessing, using, storing and sharing user information; and (iii) methods to restrict or reject our access to certain information while maintaining the basic service functions of our platform. Our privacy policies are regularly updated according to the business operation needs and revised to be in line with the changes in relevant laws and regulations on data protection and privacy.
- ***Employee confidentiality commitments.*** We also enter into confidentiality agreements with our employees, which provide that our employees shall not share, distribute or sell any confidential information to any other parties, including other employees who are not authorized to access such information. Upon termination of employment with us, our employees are required to return copies of confidential information to us or destroy it as we see appropriate. Their confidentiality obligation survives the termination of employment.
- ***Third-party data sharing protocols.*** We may share user information with certain third parties that we work with in our daily operations, including our car partners. The prior consent of data owners or other legal or regulatory ground is required when sharing data with third parties. We do not provide internet mapping services to the public. We cooperate with qualified internet mapping vendors to provide ride-hailing services. In this

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partnership, we share the location information under riders' and drivers' separate authorizations with navigation service providers so that such service providers may enable the necessary navigation and pick-up point positioning functions. In our agreements with third parties, we typically specify the data protection responsibilities and potential liabilities for both parties.

- ***Continuously advancing our security and privacy compliance.*** As the laws and regulations on data security and personal information protection continue to evolve, we are consistently refining our efforts to satisfy the required assessment and reporting obligations. We closely follow new regulations, technologies, and requirements in the field of data security and personal information protection. This ongoing effort will further promote the development and implementation of structures and processes for the mechanism of data security risk assessment and personal information protection impact assessment, continually improving our data security and personal information protection level and capabilities.

During the Track Record Period and up to the Latest Practicable Date, we were not subject to material disputes or any other material legal proceedings raised by any users; nor had any material penalties or fines regarding personal information leakage been imposed on us.

During the Track Record Period and up to the Latest Practicable Date, save as disclosed in the section headed “– Regulatory Landscape and Industry Development – Regulatory Landscape – Cybersecurity, Information Security, Privacy and Data Security,” we were not subject to any claims by users or penalties from regulatory authorities regarding personal information leakage, misuse or any other related matters, nor have there been any material investigations, penalties, litigations or legal proceedings against us relating to data privacy and protection. Our Directors and PRC Data Compliance Legal Advisor are of the view that, during the Track Record Period and up to the Latest Practicable Date, we have complied with currently effective and applicable PRC laws and regulations on data privacy and security in all material respects.

MARKETING AND BRANDING

We endeavor to differentiate ourselves in a highly competitive market by establishing a unique brand image. We focus on the continuous improvement of service quality, and position ourselves as advocates of hygiene, comfort and safety standards in mobility services.

We rely on various different measures to promote our services, combining online and offline channels.

We have been expanding our business primarily through the implementation of our geographical expansion strategy, centered on major cities in the Greater Bay Area. We were able to replicate the market penetration strategies in neighboring cities, thus reducing our costs in marketing and promotion. This closely connected city network also amplified the word-of-mouth effect of our services, especially due to these cities' similarities in terms of

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culture and socioeconomic conditions. We encourage, and sometimes incentivize, existing riders to refer our services to non-riders. We also invest in online advertisements on social media platforms and other apps and websites to attract new riders.

We also have robust connections with partners in transportation, tourism and consumer products to co-host cross-industry promotional campaigns to increase the offline exposure of our brand name. Additionally, we sometimes run on-the-ground promotional activities in commercial districts and transportation hubs.

We attach great importance to the quality, sustainability and efficiency of our rider-attraction and engagement endeavors, and have been able to continually lower our user acquisition costs.

SEASONALITY

We have experienced, and expect to continue to experience, seasonality in our business. For example, during the Chinese New Year holiday in the first quarter of each year, fewer drivers are active, and there is typically less demand. Extreme weather conditions, such as typhoons, and public health emergencies, such as the COVID-19 pandemic, also affect our business. We expect that our earnings will continue to fluctuate based on seasonal factors that affect China's mobility industry. See "Risk Factors – Risks Relating to Our Business and Industry – Our results of operations are subject to seasonal fluctuations."

CUSTOMERS

We have a broad customer base for our mobility services. As of December 31, 2023, we had 23.8 million registered riders on our mobility service platform. During the Track Record Period, substantially all of our revenue was from individual customers under our ride-hailing services. We provide enterprise solutions under our ride-hailing services to corporate customers. We also provide technology services to autonomous driving solution providers and fleet sale and maintenance to our drivers and car partners.

Revenue from our largest customer in each year of the Track Record Period amounted to RMB5.2 million, RMB24.6 million and RMB113.5 million, representing 0.5%, 1.8% and 5.3%, respectively, of our total revenue for the respective periods. Revenue from our five largest customers in each year of the Track Record Period amounted to RMB10.8 million, RMB71.2 million and RMB265.8 million, representing 1.1%, 5.2% and 12.3%, respectively, of our total revenue for the respective periods.

GAIG was among our five largest customers in each year of the Track Record Period. Revenue from GAIG in each year of the Track Record Period amounted to RMB5.2 million, RMB20.0 million and RMB113.5 million, representing 0.5%, 1.5% and 5.3%, respectively, of our total revenue for the respective periods. See "– Overlapping Customers and Suppliers."

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SUPPLIERS

Our major suppliers mainly include suppliers of services mainly including vehicle rental, drivers' services, drivers' management services, payment channel services, information technology support services, technology support services, marketing services and message services as well as products mainly including dash cams, vehicles, automobile products and autonomous vehicles. Purchases from our largest supplier in each year of the Track Record Period amounted to RMB104.1 million, RMB69.4 million and RMB279.0 million, representing 6.6%, 4.0% and 10.9%, respectively, of our total purchases for the respective periods. Purchases from our five largest suppliers in each year of the Track Record Period amounted to RMB225.3 million, RMB192.7 million and RMB480.2 million, representing 14.3%, 11.0% and 18.8%, respectively, of our total purchases for the respective periods.

The following tables set forth the details of our five largest suppliers by purchase amount in each year of the Track Record Period:

Year ended December 31, 2021

Supplier	Background	Major services/ products purchased	Purchase amount (RMB'000)	% of total purchase	Payment method	Year of commencement of business relationship with us	Year of establishment	Registered capital
GAIG	GAIG is primarily engaged in technical research services and automobile sales.	Drivers' services, drivers' management services, dash cam	104,064	6.6%	Wire transfer	2019	2000	RMB3,031,344,616
Supplier D*	Supplier D is primarily engaged in software development service and integrated circuit design services. Supplier D was established on November 4, 2005, is registered in Beijing, and is listed on the Shenzhen Stock Exchange.	Technology support services	39,858	2.5%	Wire transfer	2020	2005	RMB952,941,177
Supplier F*	Supplier F is primarily engaged in technical service and technical consultation. Supplier F was established on November 23, 2017, is registered in Beijing, and is a subsidiary of a company listed on the Main Board of the Stock Exchange.	Marketing services	29,449	1.9%	Wire transfer	2020	2017	RMB460,000,000

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Supplier	Background	Major services/ products purchased	Purchase amount (RMB'000)	% of total purchase	Payment method	Year of commencement of business relationship with us	Year of establishment	Registered capital
Supplier G*	Supplier G is primarily engaged in software and information technology services. Supplier G was established on April 19, 2011, and is registered in Shanghai.	Message services	26,452	1.7%	Wire transfer	2020	2011	RMB60,000,000
Supplier H*	Supplier H is primarily engaged in advertising publishing service and advertising design service. Supplier H was established on August 8, 2013, is registered in Ningbo, and is a subsidiary of a company listed on the Shenzhen Stock Exchange.	Marketing services	25,521	1.6%	Wire transfer	2019	2013	RMB50,000,000
Total			225,344	14.3%				

Year ended December 31, 2022

Supplier	Background	Major services/ products purchased	Purchase amount (RMB'000)	% of total purchase	Payment method	Year of commencement of business relationship with us	Year of establishment	Registered capital
GAIG	GAIG is primarily engaged in technical research services and automobile sales.	Drivers' services, drivers' management services, dash cam, vehicles	69,445	4.0%	Wire transfer	2019	2000	RMB3,031,344,616
Supplier I*	Supplier I is primarily engaged in automobile design and automobile sales. Supplier I was established on May 18, 2001, is registered in Wuhan, and is listed on the Main Board of the Stock Exchange.	Automobile products	38,465	2.2%	Wire transfer	2022	2001	RMB8,616,120,000

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Supplier	Background	Major services/ products purchased	Purchase amount (RMB'000)	% of total purchase	Payment method	Year of commencement of business relationship with us	Year of establishment	Registered capital
The Represented Tencent Group	The Represented Tencent Group is primarily engaged in investment and the subsidiaries of the Represented Tencent Group with which we cooperate primarily engaged in payment and IT technology service.	Payment channel services, information technology support services, marketing services	36,927	2.1%	Wire transfer	2019	1999	N/A
Supplier C*	Supplier C is primarily engaged in marketing services and human resource service. Supplier C was established on July 11, 2019, and is registered in Guangzhou.	Marketing services	26,695	1.5%	Wire transfer	2019	2019	RMB50,000,000
Supplier J*	Supplier J is primarily engaged in advertising publishing service and advertising design service. Supplier J was established on December 19, 2013, is registered in Shanghai, and is a subsidiary of a company listed on the Main Board of the Stock Exchange.	Marketing services	21,137	1.2%	Wire transfer	2022	2013	RMB10,000,000
Total			192,669	11.0%				

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Year ended December 31, 2023

Supplier	Background	Major services/ products purchased	Purchase amount (RMB'000)	% of total purchase	Payment method	Year of commencement of business relationship with us	Year of establishment	Registered capital
GAIG	GAIG is primarily engaged in technical research services and automobile sales.	Drivers' services, drivers' management services, dash cam, vehicles	278,959	10.9%	Wire transfer	2019	2000	RMB3,031,344,616
Supplier K*	Supplier K is primarily engaged in autonomous mobility services. Supplier K was established on December 13, 2016, and is registered in Hong Kong.	Autonomous vehicles	60,032	2.3%	Wire transfer	2022	2016	N/A
The Represented Tencent Group	The Represented Tencent Group is primarily engaged in investment and the subsidiaries of the Represented Tencent Group with which we cooperate primarily engaged in payment and IT technology service.	Payment channel services, information technology support services, marketing services	58,216	2.3%	Wire transfer	2019	1999	N/A
Supplier C*	Supplier C is primarily engaged in marketing services and human resource service. Supplier C was established on July 11, 2019, and is registered in Guangzhou.	Marketing services	42,553	1.7%	Wire transfer	2019	2019	RMB50,000,000
Supplier L*	Supplier L is primarily engaged in technology development service and technical advisory service. Supplier L was established on July 10, 2012, and is registered in Beijing.	Information technology support services	40,444	1.6%	Wire transfer	2019	2012	RMB10,000,000
Total			480,204	18.8%				

Note:

* This supplier did not consent to the disclosure of its name in this prospectus.

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Certain of our five largest suppliers during each year of the Track Record Period are either listed companies or the parent company of listed companies. Certain of our Directors held insignificant equity interests acquired from their share based compensation due to employment at the relevant supplier companies in the above-mentioned listed companies as of the Latest Practicable Date. Save for the above, as of the Latest Practicable Date, none of our Directors, their associates or any of our shareholders (who owned or, to the knowledge of our Directors, had owned more than 5% of our issued share capital) had any interest in any of our five largest suppliers during each year of the Track Record Period.

OVERLAPPING OF CUSTOMERS AND SUPPLIERS

GAIG was among both our five largest customers and our five largest suppliers in each year of the Track Record Period. As a leading automobile conglomerate in China, GAIG is a crucial business partner for the establishment and development of our operations. During the Track Record Period, we primarily provided ride-hailing services, marketing and promotion services, technology services and repair and maintenance services to GAIG, and our purchases from GAIG primarily consisted of services including vehicle rental services, drivers' services and drivers' management services, and products including dash cams and vehicles. In 2021, 2022 and 2023, revenue from GAIG amounted to RMB5.2 million, RMB20.0 million and RMB113.5 million, respectively, representing 0.5%, 1.5% and 5.3%, respectively, of our total revenue for the respective periods. In 2021, 2022 and 2023, purchases from GAIG amounted to RMB104.1 million, RMB69.4 million and RMB279.0 million, respectively, representing 6.6%, 4.0% and 10.9%, respectively, of our total purchases for the respective periods.

In addition to GAIG, during the Track Record Period, the Represented Tencent Group, Supplier C, Supplier D, Supplier H and Supplier K were also enterprise customers of our mobility services, primarily including ride-hailing services. In 2023, we also offered Supplier K technology services and auto parts. Negotiations of the terms of our sales to and purchases from these entities were conducted on an individual basis and the sales and purchases were neither inter-connected or inter-conditional with each other. These sales and purchases were solely determined by their demand and based on their own business judgment, which were conducted in the ordinary course of business under normal commercial terms. In each year of the Track Record Period, the revenue from each of the Represented Tencent Group, Supplier C, Supplier D, Supplier H and Supplier K represented less than 0.1% of our total revenue for the respective periods. The following table sets forth the purchase amount from the Represented Tencent Group, Supplier C, Supplier D, Supplier H and Supplier K for the periods indicated:

	Year ended December 31,					
	2021		2022		2023	
	Amount	% of total purchase	Amount	% of total purchase	Amount	% of total purchase
	<i>(RMB in thousands, except for percentages)</i>					
The Represented						
Tencent Group	22,429	1.4	36,927	2.1	58,216	2.3
Supplier C	18,792	1.2	26,695	1.5	42,553	1.7
Supplier D	39,858	2.5	11,771	0.7	3,170	0.1
Supplier H	25,521	1.6	18,719	1.1	5,670	0.2
Supplier K	-	-	-	-	60,032	2.3

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Our Directors are of the view that our sales to and purchase from the above-mentioned suppliers are conducted in the ordinary course of business under normal commercial terms on an arm's-length basis after due and careful consideration.

Transaction with GAIG as a Customer and Supplier

Our relationship with GAIG is mutually beneficial, due to our highly aligned development plans. We are able to leverage GAIG's prominent industry support and achieve integration of industry resources of automobile manufacturing, autonomous driving technology and mobility services. Meanwhile, we are tasked to fulfill GAIG's strategic transition from an automobile manufacturer to a mobility service provider.

In 2021, 2022, 2023 and the period from January 1, 2024 to the Latest Practicable Date, nil, nil, 486 and nil vehicles were purchased from GAIG and/or its associates, which are automobile manufacturers, and were then sold to other associates of GAIG, which are our car partners, respectively, for the following reasons:

- according to Frost & Sullivan, the collaboration between the mobility platform and the automobile manufacturers is a mutually beneficial relationship. The automobile manufacturers provide customized vehicles and technical support, enabling the platform to deliver high-quality services. In return, the platform offers market expansion opportunities, and valuable market insights for the automobile manufacturers' product development, including but not limited to Robotaxi initiatives. This partnership drives business growth and industry development. Since our mobility business and automobile business of GAIG and its associates are inextricably linked together in multiple aspects, our business and those of GAIG and its associates are highly complementary and beneficial to each other; considering GAIG's leading position in the research and development, manufacturing and sales of automobile, it is natural and in our best interests to cooperate with GAIG;
- as GAIG and/or its associates have comprehensive understanding of our business needs, and we have established a good foundation of mutual trust with each other; GAIG and/or its associates can provide stable and high-quality services and products that can effectively and reliably meet our needs; in particular, as our car partners, associates of GAIG can ensure effective communication and management over cars and drivers thereby providing stable and quality services to our end customers;
- to facilitate our drivers' onboarding process, we undertake centralized vehicle procurement for our car partners and drivers. We consolidate the demands of our car partners and drivers, and negotiate directly with automobile manufacturers for a collective deal. Such collective deals are typically priced at a discount from prevailing market prices, and offer more streamlined delivery; and

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- with an aim to build a one-stop standardized automobile service platform, OnTime auto service center, and create an industry network encompassing driver services, after-sales services and other ancillary services in extended scenarios, we offer sales of vehicles, vehicle maintenance and repair and sales of automobile components through our OnTime auto service centers to car partners that are associates of GAIG, and therefore we re-sell vehicles to associates of GAIG. Certain OEMs that are associates of GAIG did not have direct sales channels for car partners that are also associates of GAIG for the bulk sale of vehicle models suitable for ride-hailing services. These car partners therefore may choose to purchase through authorized distributors of OEMs, including us.

We did not have any exclusivity arrangements with these car partners, and hence they may also purchase vehicles from authorized distributors other than us during the Track Record Period. Their purchase decisions may take into account factors including the relevant sale price and value-added services offered by authorized distributors. We believe that our one-stop standardized automobile service platform provides value that leads to car partners' purchase of vehicles from us:

- it offers a variety of vehicles for car partners to choose from, including vehicles sourced from associates of GAIG and other OEMs; instead, OEMs normally sell their own branded vehicles;
- by taking a holistic assessment of factors including wheelbase, vehicle length, overall performance, distance to empty, pricing, etc., it carefully reviews and selects vehicle models that are suitable for use in ride-hailing services, and are compliant with licensing requirements for ride-hailing vehicles; on the other side, car partners need to check compliance issues if vehicles are directly purchased from OEMs;
- vehicles purchased from our platform are entitled to benefit from our streamlined ride-hailing vehicle licensing assistance service, which saves time and trouble for our car partners and drivers; and
- car partners purchasing vehicles from us are entitled to our assistance service for driver registration which facilitates drivers' onboarding process on platform. In the circumstance that car partners who are associates of GAIG purchase vehicles directly from GAIG and its associates, they will not be entitled to aforementioned value that benefits the business operation of car partners.

The following pricing policies have been adopted by us in terms of the purchase and re-sale of the vehicles: (i) in respect of our purchase of vehicles, the unit price shall be determined by manufacturers of vehicles, whilst we will compare the unit price offered by GAIG and/or its associates and that by independent third parties, and will make the procurement from the better terms offered; and (ii) in respect of our re-sale of vehicles through

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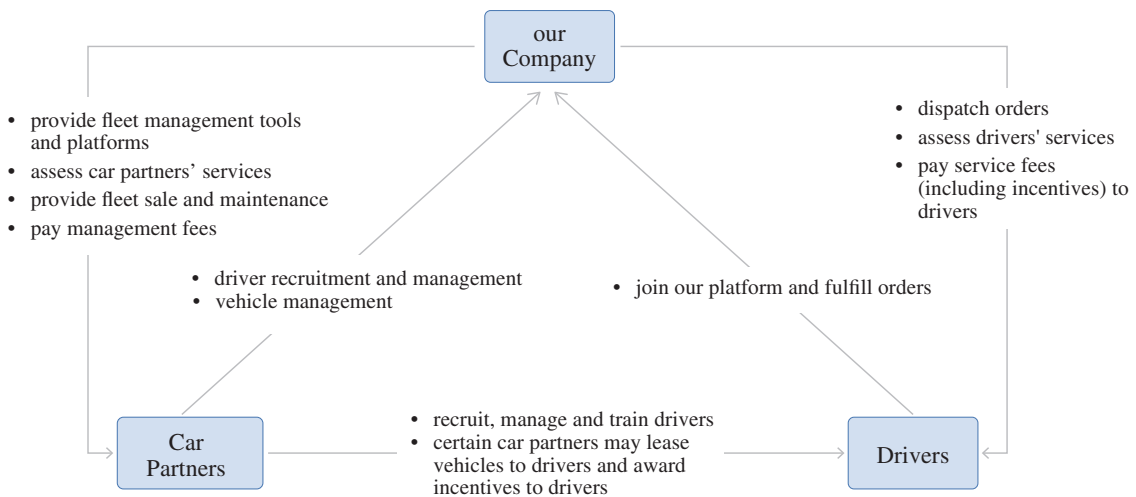
OnTime auto service center, fee charged by us will be determined based on arm's length negotiation with reference to market price charged by OEMs and shall be no less than that charged to independent third parties. See "Connected Transactions."

RELATIONSHIP WITH INDUSTRY PARTNERS

Thanks to our central position in the industry value chain as a platform connecting and integrating the products, solutions and resources of various participants, we have built an extensive network where we closely collaborate with industry partners on multiple fronts.

Car Partners

We work with our car partners in: (i) driver recruitment and management; and (ii) vehicle management. Our collaboration with car partners helps us optimize our operational efficiency.



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As of December 31, 2023, we worked with 100 car partners, all of which are primarily engaged in the automotive industry with services encompassing car leasing, financial leasing, car repair and maintenance, and driver management. As of the same date, all these car partners were independent third parties, except for four associates of GAC, among which three were subsidiaries of GAC and one was a joint venture between GAC and a third party. Since commencement of business and as of December 31, 2023, the number of drivers who had completed at least one order on our mobility service platform was 135.2 thousand. In the first half of 2020, a portion of the drivers were under our direct management. From July 2020 onwards, these drivers have been managed by Car Partner A, one of our five largest car partners in each year of the Track Record Period, and thus all of our drivers have been under the management of our car partners since then. In 2023, 92.5% of our active drivers were managed by 96 of our car partners which are independent third parties, and the remaining 7.5% of our active drivers were managed by the remaining four car partners which are associates of GAC. In 2023, none of our car partners managed over 10% of our active drivers. In 2021, 2022 and 2023, the management fee paid to our car partners amounted to RMB38.4 million, RMB40.5 million and RMB38.5 million, respectively.

The following table sets forth the breakdown of ride-hailing GTV and order volume by type of drivers for the periods indicated:

	Year ended December 31,					
	2021		2022		2023	
	<i>Amount</i>	%	<i>Amount</i>	%	<i>Amount</i>	%
GTV (<i>RMB in millions, except for percentages</i>)	1,310.5	100.0	1,756.9	100.0	2,714.0	100.0
GTV from orders fulfilled by our drivers managed by car partners which are independent third parties	1,090.2	83.2	1,316.2	74.9	2,042.1	75.2
GTV from orders fulfilled by our drivers managed by car partners which are associates of GAC	220.3	16.8	300.8	17.1	352.7	13.0
GTV from orders fulfilled by third-party mobility service platforms under third-party service fleet cooperations	–	–	139.9	8.0	319.2	11.8
Order volume (<i>millions, except for percentages</i>)	46.0	100.0	66.0	100.0	97.3	100.0
Volume of orders fulfilled by our drivers managed by car partners which are independent third parties	38.8	84.4	50.9	77.0	73.9	76.0

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	Year ended December 31,					
	2021		2022		2023	
	<i>Amount</i>	%	<i>Amount</i>	%	<i>Amount</i>	%
Volume of orders fulfilled by our drivers managed by car partners which are associates of GAC	7.2	15.6	10.1	15.4	11.4	11.7
Volume of orders fulfilled by third-party mobility service platforms under third-party service fleet cooperations	–	–	5.0	7.6	12.0	12.3

The following table sets forth the breakdown of revenue from ride-hailing services within mobility services business segment and drivers' service fee included in cost of revenue by type of drivers for the periods indicated:

	Year ended December 31,					
	2021		2022		2023	
	<i>Amount</i>	%	<i>Amount</i>	%	<i>Amount</i>	%
<i>(RMB in thousands, except for percentages)</i>						
Revenue from ride-hailing services within mobility services business segment	1,005,188	100.0	1,244,956	100.0	1,812,133	100.0
Revenue from orders fulfilled by our drivers managed by car partners which are independent third parties	835,807	83.1	1,004,813	80.7	1,526,041	84.2
Revenue from orders fulfilled by our drivers managed by car partners which are associates of GAC	169,381	16.9	226,851	18.2	262,130	14.5
Revenue from orders fulfilled by third-party mobility service platforms under third-party service fleet cooperations	–	–	13,292	1.1	23,962	1.3
Cost of revenue – Drivers' service fee	1,177,283	100.0	1,289,603	100.0	1,794,833	100.0
Drivers' service fee to drivers managed by car partners which are independent third parties	1,009,474	85.7	1,073,595	83.3	1,496,618	83.4
Drivers' service fee to drivers managed by car partners which are associates of GAC	167,809	14.3	216,008	16.7	298,215	16.6

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Revenue from ride-hailing services increased during the Track Record Period, primarily due to the significant increases in our ride-hailing GTV, which was mainly driven by our loyal and expanding rider base and the increased order volume. Drivers' service fee increased during the Track Record Period, which was in line with the expansion of our business scale. See "Financial Information – Description of Major Components of Our Results of Operations – Revenue" and "Financial Information – Description of Major Components of Our Results of Operations – Cost of Revenue."

The following tables set forth the details of our five largest car partners by ride-hailing GTV and order volume in each year of the Track Record Period:

Year ended December 31, 2021

Car partner	Background	Registered capital	Relationship with GAC	GTV (RMB in millions)	% of total GTV	Order volume (millions)	% of total order volume	Management fees (RMB in thousands)
Car Partner A ⁽¹⁾	A group of companies primarily engaged in vehicle rental, vehicle sales and vehicle services	RMB90,000,000, RMB40,000,000, RMB27,670,000 and RMB15,000,000, respectively	The four associates of GAC, among which three were subsidiaries of GAC and one was a joint venture between GAC and a third party	218.3	16.7%	7.1	15.5%	10,740
Car Partner C	A company primarily engaged in vehicle technology services	RMB5,000,000	An independent third party	135.6	10.3%	5.0	10.9%	3,546
Car Partner D	Three companies that are ultimately controlled by the same person, primarily engaged in vehicle rental services	RMB138,000,000, RMB10,000,000 and RMB5,000,000, respectively	Independent third parties	111.9	8.5%	3.6	7.8%	4,167

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Car partner	Background	Registered capital	Relationship with GAC	GTV (RMB in millions)	% of total GTV	Order volume (millions)	% of total order volume	Management fees (RMB in thousands)
Car Partner E	A company primarily engaged in vehicle technology services and vehicle sales	RMB6,000,000	An independent third party	98.0	7.5%	3.2	7.0%	4,305
Car Partner F	A company primarily engaged in auto parts sales	RMB5,000,000	An independent third party	84.8	6.5%	2.8	6.1%	4,069
Total				648.6	49.5%	21.7	47.3%	26,827

Year ended December 31, 2022

Car partner	Background	Registered capital	Relationship with GAC	GTV (RMB in millions)	% of total GTV	Order volume (millions)	% of total order volume	Management fees (RMB in thousands)
Car Partner A ⁽¹⁾	A group of companies primarily engaged in vehicle rental, vehicle sales and vehicle services	RMB90,000,000, RMB40,000,000, RMB27,670,000 and RMB15,000,000, respectively	The four associates of GAC, among which three were subsidiaries of GAC and one was a joint venture between GAC and a third party	293.8	16.7%	9.9	15.0%	9,864
Car Partner D	Three companies that are ultimately controlled by the same person, primarily engaged in vehicle rental services	RMB138,000,000, RMB10,000,000 and RMB5,000,000, respectively	Independent third parties	141.3	8.0%	4.6	6.9%	3,872

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Car partner	Background	Registered capital	Relationship with GAC	GTV (RMB in millions)	% of total GTV	Order volume (millions)	% of total order volume	Management fees (RMB in thousands)
Car Partner C	A company primarily engaged in vehicle technology services	RMB5,000,000	An independent third party	105.2	6.0%	4.1	6.1%	2,787
Car Partner F	A company primarily engaged in auto parts sales	RMB5,000,000	An independent third party	97.1	5.5%	3.5	5.3%	3,441
Car Partner G	A company primarily engaged in vehicle rental services and vehicle sales	RMB30,000,000	An independent third party	95.7	5.4%	3.1	4.8%	2,012
Total				733.1	41.6%	25.2	38.1%	21,976

Year ended December 31, 2023

Car partner	Background	Registered capital	Relationship with GAC	GTV (RMB in millions)	% of total GTV	Order volume (millions)	% of total order volume	Management fees (RMB in thousands)
Car Partner A ⁽¹⁾	A group of companies primarily engaged in vehicle rental, vehicle sales and vehicle services	RMB90,000,000, RMB40,000,000, RMB27,670,000 and RMB15,000,000, respectively	The four associates of GAC, among which three were subsidiaries of GAC and one was a joint venture between GAC and a third party	352.7	13.0%	11.4	11.7%	7,040

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Car partner	Background	Registered capital	Relationship with GAC	GTV (RMB in millions)	% of total GTV	Order volume (millions)	% of total order volume	Management fees (RMB in thousands)
Car Partner D	Three companies that are ultimately controlled by the same person, primarily engaged in vehicle rental services	RMB138,000,000, RMB10,000,000 and RMB5,000,000, respectively	Independent third parties	175.9	6.5%	5.1	5.3%	2,111
Car Partner G	A company primarily engaged in vehicle rental services and vehicle sales	RMB30,000,000	An independent third party	152.5	5.6%	4.6	4.7%	2,047
Car Partner C	A company primarily engaged in vehicle technology services	RMB5,000,000	An independent third party	107.8	3.9%	3.9	4.0%	1,716
Car Partner F	A company primarily engaged in auto parts sales	RMB5,000,000	An independent third party	104.7	3.8%	3.7	3.8%	1,707
Total				893.6	32.8%	28.7	29.5%	14,621

Note:

- (1) In 2021, 2022 and 2023, Car Partner A was paid relatively higher management fees, due to its higher management fee calculation parameters, primarily attributable to (i) its higher driver online rate and higher driver earnings primarily because most of its drivers work full-time; (ii) its higher growth rate in the number of drivers due to its proactive response to our need for highly compliant service fleet; and (iii) its higher order compliance rate and service quality assessment level due to its robust management capacity.

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Save as disclosed above and in the sections headed “Connected Transactions” and “Relationship with GAIG”, as of the Latest Practicable Date, there were no other past or present relationships (family, business, employment, trust, financing or otherwise) between the Group and each of the five largest car partners in each year of the Track Record Period, their respective substantial shareholders, directors or senior management, or any of their respective associates in any material aspects.

The following table sets forth the breakdown of active drivers and active vehicles of our ride-hailing services for the periods indicated:

	Year ended December 31,					
	2021		2022		2023	
	<i>(Thousands, except for percentages)</i>					
Active drivers	40.5	100.0%	68.5	100.0%	91.0	100.0%
– Drivers managed by car partners which are independent third parties ⁽¹⁾	35.8	88.4%	59.5	86.9%	84.2	92.5%
– Drivers managed by car partners which are associates of GAC ⁽¹⁾	4.7	11.6%	9.0	13.1%	6.8	7.5%
Active vehicles	23.4	100.0%	45.9	100.0%	92.0	100.0%
– Rental vehicles ⁽¹⁾	15.4	65.7%	23.5	51.2%	43.0	46.7%
– Driver-owned vehicles	8.0	34.3%	22.4	48.8%	49.0	53.3%

Note:

* The discrepancy between the number of active drivers and the number of active vehicles at each year-end during the Track Record Period is attributable to the multi-dimensional relationship between drivers and vehicles. Specifically, a single driver may rent multiple vehicles over the course of a year, and conversely, a single vehicle may be rented by multiple drivers.

** The classification of each active driver and active vehicle in a given period is determined by their status as of the final day of that period.

(1) All rental vehicles were from car partners.

Drivers who operate with rental vehicles have fixed monthly rental costs and therefore they typically have a target earning that they plan to achieve in order to receive a meaningful net income after deducting the rental costs. Accordingly, these drivers typically work full-time, and deliver more consistent service.

Drivers who operate with their own vehicles may have a more flexible service schedule, primarily because many of them work part time and regard ride-hailing service only as a supplement to their primary source of income, and are often not subject to a direct and fixed cost per month. Although they do need to consider factors such as the purchase price of the vehicle and the associated depreciation cost (in particular, registered ride-hailing service vehicles are subject to mandatory retirement upon the earlier of the completion of eight years’ of service or 600,000 km total travel distance), these factors are less direct. These drivers also

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tend to use their vehicles for other purposes such as personal or family trips. However, certain of these drivers relied on consumer loans to purchase their vehicles, under which they must make monthly repayments. In such case, their service pattern may be similar to drivers who operate with rental vehicles.

The foregoing analysis of drivers' service pattern are a summary of ideal cases, without taking into consideration the many other factors that, in reality, may affect a driver's service behaviour. In general, drivers who work full time on our platform ensure that we have stable service capacity. Drivers who have a more flexible service schedule are typically attracted by fee incentives which are available during peak time, helping us cope with the demand surge. Drivers' service pattern is also not static, they may decide to operate differently when their circumstances change. As our business grows, we endeavour to maintain an efficient size of our driver fleet as well as an optimal driver/vehicle mix and to maintain a right dynamic balance between demand and supply on our platform, where we have sufficient service capacity and the drivers have stable and competitive income. When recruiting drivers through our car partners, we monitor the number of new drivers and their potential service status to decide the pace and scale of the recruitment.

Our platform's management of drivers are uniform. Assuming other variables such as service option, location and distance are held constant, our fee model consistently apply to all drivers, regardless of the vehicle's ownership status. Similarly, the car partners' management policies for all drivers are typically uniform, except that they pay closer attention to the vehicle and service conditions of drivers who operate with rental vehicles, as the car partners are the owner/lessor of the vehicles. Through our uniform management, we endeavor to ensure consistent service quality. Overall, we did not observe any material differences in the service quality among different groups of drivers, as indicated by their average service ratings which are generally similar.

Our car partners are responsible for recruiting drivers according to the requirements of relevant laws and regulations, as well as our internal protocols. After recruitment, our car partners provide drivers with induction, as well as ongoing training. Our training focuses on safety protocols, hygiene standards and service etiquette. We established our OnTime Experience Center in 2020, conducting systematic and standardized training for our drivers to ensure the consistency of our service quality. We formulate the training programs and require the trainers at our car partners to go through multiple rounds of evaluation and training before granting them our trainer license. As of December 31, 2023, we had trained and certified 263 licensed trainers hired by car partners in various cities. Our car partners also have driver managers who are responsible for the collection of car rents from those drivers that rent service vehicles from our car partners, and for regular management of our drivers. When our platform identifies non-compliant behavior of a driver, it informs such driver's responsible driver manager who will then have a meeting with the driver regarding rectification measures.

We aspire to build a one-stop standardized automobile service platform and create an industry network with various industry partners, customers and drivers. We aim to standardize service processes specifically tailored to the mobility service vehicle operating patterns, encompassing pre-deployment vehicle checks, online services, accident handling, post-service

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maintenance and safety service. By leveraging our comprehensive capabilities, we aim to minimize idle rates of drivers, enhance the management and maintenance of vehicle assets and accelerate capital utilization efficiency for our car partners. We aspire to create business value by streamlining operations for drivers and car partners, thereby improving their efficiency, performance and profitability. This, in turn, is expected to increase their loyalty to our services, thus enhancing the stability of our fleets and drivers, which are crucial to our efforts in retaining riders and our long-term growth. By improving drivers' experience with our platform and increase their income (for example, by allowing them options such as preferred service direction/region which aligns with their home-bound route or EV charging needs, and offering them comprehensive emergency response support), we aim to foster a sense of loyalty and attachment to our platform. These efforts are intended, in turn, to drive continuous improvements in service efficiency and experience of our riders, establishing a stable and competitive industry network to support the long-term growth and sustainability of our mobility services.

We do not prevent our drivers from registering with other ride-hailing platforms and working concurrently with them. Instead, we are committed to offering a platform that is competitive in terms of services and benefits that drivers would naturally prefer us over competitors. As a mobility service platform originated from, and maintains significant presence in, the GBA, we adopt a localized development and operation strategy, which distinguish us from our competitors who may be a national-scale operation or regional players from other areas, both of them may not have the specific knowledge of the local market as we do. We offer our car partners and drivers fleet sale and maintenance with local culture characteristics to enhance our relationship with them. For example, we offer customized trainings focused on regional regulatory and industry developments, and we have established local communication mechanisms such as (i) prompt discussions with car partners and drivers regarding the potential impacts of real-time traffic, weather conditions and public holidays on mobility services, and (ii) meetings with local authorities to maintain close contact. Since the commencement of our fleet sale and maintenance and as of December 31, 2023, 57% of the drivers on our platform had used our fleet sale and maintenance.

Our drivers are required to complete induction training and monthly safety training. Our car partners closely track drivers' ratings and feedback, and take various measures to help them improve, with the aim of ensuring standardized service. See “— Safety — Driver Rating and Training.” We offer our drivers comprehensive support, help them improve operational efficiency and offer stable and competitive income, and believe that, by doing so, we are growing a robust and loyal driver base.

In terms of vehicle management, we help our car partners secure a stable supply of compliant service vehicles by offering our car partners (i) sales of vehicles through our OnTime auto service centers as part of our fleet sale and maintenance, (ii) assistance services to help them obtain relevant licenses and to complete annual inspections, and (iii) career training and consultations. See “– Our Service Offerings – Fleet Sale and Maintenance.” Vehicles on our platform consist entirely of A-class vehicles and above, with spacious back seating. We typically do not have exclusivity arrangements with our car partners. Our car partners typically have exclusivity provisions in place for drivers who rent service vehicles from them. Under such provisions, the drivers are not allowed to work at other mobility service platforms. Drivers who use their own service vehicles are typically not bound by contractual

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exclusivity obligations. However, our platform has performance-based incentive programs to encourage loyal and active drivers. In 2021, 2022 and 2023, our incentives per order to registered drivers providing ride-hailing services amounted to RMB2.87, RMB1.71 and RMB1.46, respectively.

Neither our car partners nor we enter into employment agreements with drivers, and therefore the drivers are not the employees of our car partners or us. Our drivers and car partners function as our suppliers. Drivers registered on our platform are required to comply with our ride-hailing service agreements. See “– Our Service Offerings – Mobility Services – Ride-Hailing – Service Flow and Fund Flow” for the key terms of our ride-hailing service agreement with drivers. The typical terms and pricing of our agreements with our car partners, whether they are associates of GAC or independent third parties, are generally the same and summarized as follows:

- *Duration:* The duration of the agreement is typically one year, and the agreement will be renewed with mutual consent.
- *Service scope:* Car partners are typically responsible for (i) driver recruitment and management; (ii) overseeing and facilitating the license compliance of drivers and service vehicles; and (iii) vehicle asset maintenance and management.
- *Service charges:* We typically pay our car partners management fees calculated by multiplying (a) driver earnings by (b) various numerical values, including, among others, performance factor, service quality factor, compliance factor, driver online rate factor and growth factor, and then (c) subtracting deductions if any safety incident happens, where (i) driver earnings are the total earnings generated by all drivers under a car partner’s management; (ii) performance factor is a numerical value assigned based on the amount of driver earnings from performance-qualified drivers; (iii) service quality factor is a numerical value assigned based on the assessed service quality level; (iv) compliance factor is a numerical value assigned based on compliance rate for the orders fulfilled; (v) driver online rate factor is a numerical value assigned based on the quotient of (a) the sum of daily active drivers over a given period (i.e., X days) and (b) the product of X and the total number of drivers; (vi) growth factor is a numerical value assigned based on the growth rate in the number of drivers. We apply the same management fee rate calculation basis to our car partners which are associates of GAC as we do to our car partners which are independent third parties.
- *Security deposit:* The car partners are typically required to pay a security deposit, the amount of which depends on the number of vehicles. The deposit is refunded upon expiration of the contract period, unless they are liable to pay us certain damages due to breach of contract.
- *Insurance:* We require car partners to maintain carrier liability insurance.
- *Payment:* We typically settle payments on a monthly basis.

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- *Termination:* We are entitled to unilaterally terminate the contract if car partners is no longer legally licensed, is liable for material breaches of terms such as confidentiality, compliance and safety obligations, or otherwise fails to fulfill contractual obligations, in which cases damages shall be assessed.

The following table sets forth the average rate and rate range of management fees paid to our car partners for the periods indicated:

	Year ended December 31,		
	2021	2022	2023
Average rate of management fees paid to our car partners ⁽¹⁾	3.5%	3.5%	2.4%
Average rate of management fees paid to our car partners which are independent third parties	3.2%	3.1%	2.3%
Average rate of management fees paid to our car partners which are associates of GAC	5.3%	5.3%	2.5%
Rate range of management fees paid to our car partners ⁽²⁾	0.0%- 8.5%	0.0%- 12.2%	0.0%- 15.6%
Rate range of management fees paid to our car partners which are independent third parties	0.0%- 8.5%	0.0%- 12.2%	0.0%- 15.6%
Rate range of management fees paid to our car partners which are associates of GAC	0.8%- 6.8%	0.8%- 9.4%	1.1%- 5.9%

Notes:

- (1) The management fee paid to our car partners is calculated by multiplying (a) driver earnings by (b) various numerical values, including, among others, performance factor, service quality factor, compliance factor, driver online rate factor and growth factor, and then (c) subtracting deductions if any safety incident happens, where (i) driver earnings are the total earnings generated by all drivers under a car partner's management; (ii) performance factor is a numerical value assigned based on the amount of driver earnings from performance-qualified drivers; (iii) service quality factor is a numerical value assigned based on the assessed service quality level; (iv) compliance factor is a numerical value assigned based on compliance rate for the orders fulfilled; (v) driver online rate factor is a numerical value assigned based on the quotient of (a) the sum of daily active drivers over a given period (i.e., X days) and (b) the product of X and the total number of drivers; (vi) growth factor is a numerical value assigned based on the growth rate in the number of drivers. We apply the same management fee rate calculation basis to our car partners which are associates of GAC as we do to our car partners which are independent third parties. The average rate of management fees paid to our car partners is calculated by dividing the total amount of management fees paid to our car partners in a given period by the total amount of driver earnings in that period.
- (2) The management fees are determined and settled for each individual car partner on a monthly basis. The rate range of management fees paid to our car partners refers to the range from the lowest monthly management fee rate paid to an individual car partner to the highest monthly management fee rate paid to an individual car partner in a given period.

We saw an overall decreasing trend in our average rate of management fees paid to our car partners during the Track Record Period, primarily due to the improved cost management and operational efficiency of our car partners. See “Financial Information – Description of Major Components of Our Results of Operations – Cost of Revenue.”

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During the Track Record Period, the average rate of management fees paid to car partners which are associates of GAC was generally higher than that paid to car partners which are independent third parties, because the car partners which are associates of GAC typically delivered better performance, as evidenced by (i) their typically higher driver online rate and higher driver earnings because most of their drivers work full-time; and (ii) their typically higher order compliance rate and service quality assessment level due to robust management capacity. These car partners achieved better performance primarily because: (i) they typically have a stronger relationship with their drivers, maintaining daily contact with them and providing prompt support when their performance drops, (ii) they typically check the drivers' willingness to work full-time in the ride-hailing industry more carefully before offering them rental vehicles, and (iii) they may be more willing to provide additional rewards to high-performing drivers.

For certain months during the Track Record Period, we paid certain car partners with management fees significantly above the respective period average rates, primarily due to their proactive response to our need for highly compliant service fleet and their recruitment and management of additional drivers in our newly penetrated geographical markets, thus triggering bonuses within our comprehensive car partner performance assessment system. For certain months during the Track Record Period, we paid certain car partners with management fees significantly below the respective period average rates or in some cases, withheld payment entirely, primarily due to their relatively poor assessment results or failure to meet our basic requirements within our comprehensive car partner performance assessment system.

Third-Party Mobility Service Platforms

As of December 31, 2023, we have established mutually beneficial cooperations with 20 third-party mobility service platforms. We also compete directly with such platforms, especially those operating in the GBA. Our cooperations with such platforms can be categorized into two distinct collaboration models:

- **Third-party user traffic cooperation:** Under this model, we cooperate with both mobility service platforms with their own service fleet and aggregation mobility service platforms to have access to their user traffic. Riders using the third-party mobility service platforms can place orders to us and matched orders are then fulfilled by us at our full responsibility. As of December 31, 2023, we cooperated with 17 third-party mobility service platforms under this model, among which eight were mobility service platforms with their own service fleet and nine were aggregation mobility service platforms.
- **Third-party service fleet cooperation:** Under this model, we cooperate with mobility service platforms with their own service fleet to help us fulfil our orders. Riders on our platform can choose to place orders to third-party mobility service platforms and matched orders are then fulfilled by their service fleet at their full responsibility. As of December 31, 2023, we cooperated with eight third-party mobility service platforms under this model, all of which were mobility service platforms with their own service fleet.

User interface

Third-party user traffic cooperation



Third-party service fleet cooperation



Third-Party User Traffic Cooperation

We consider such cooperation to be a mutually beneficial arrangement under which third-party mobility service platforms prefer to allocate more orders to service providers with competent and compliant service fleet, allowing them to achieve higher response rate and enhance rider experience, while we benefit from additional order volume and GTV, amplifying our brand awareness and providing our drivers with more orders and better income, especially in cities where we strive to enhance our presence. Our services have been accessible to most of the mainstream third-party mobility service platforms. We expect our cooperation with these third-party mobility service platforms to broaden as our business grows.

In 2021, 2022 and 2023, revenue generated from orders placed on third-party mobility service platforms amounted to RMB204.2 million, RMB335.6 million and RMB1,036.6 million, respectively, representing 20.3%, 27.0% and 57.2% of the total revenue from ride-hailing services, respectively; GTV generated from orders placed on third-party mobility service platforms amounted to RMB209.7 million, RMB504.4 million and RMB1,617.5 million, respectively, representing 16.0%, 28.7% and 59.6% of the total GTV from ride-hailing services, respectively. In the same periods, the number of orders from third-party mobility service platforms amounted to 7.3 million, 18.7 million and 57.0 million, respectively. The increase is primarily attributable to: (i) the mutual-beneficial relationships between third-party mobility service platforms and us, under which third-party mobility service platforms prefer to allocate more orders to service providers with competent and compliant service fleet, allowing them to achieve higher response rate and enhance rider experience, while we benefit from additional order volume and GTV, amplifying our brand awareness and providing our drivers with more orders and better income, especially in cities where we strive to enhance our presence. As a result, both third-party mobility service platforms and ourselves have been committed to deepening the cooperation to fulfill more orders generated under this model; and

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(ii) an increase in the number of third-party mobility service platforms with which we cooperated during the Track Record Period, particularly in the second half of 2022, during which we were granted more access to the user traffic associated with these platforms, resulting a significant increment in the number of orders from third-party mobility service platforms. Such increase is in line with the industry trend of a broadening cooperation amongst mobility service platforms. According to Frost & Sullivan, the driver behind this trend is the inherent high requirement on timeliness in mobility services. The time required for order matching and pick up is a significant factor affecting riders' experience with mobility service platforms. To achieve higher service quality, mobility service platforms are all endeavoring to delivery more timely service. It is impractical for any single platform to depend exclusively on its own fleet to satisfy riders' needs while also sustaining high operational efficiency across an extensive area, which necessitates a collaborative approach to resource sharing and network utilization among platforms.

The following tables set forth breakdown of our GTV, revenue and order volume under third-party user traffic cooperation by platform type for the periods indicated:

	Year ended December 31,								
	2021			2022			2023		
	Revenue	GTV	Order Volume	Revenue	GTV	Order Volume	Revenue	GTV	Order Volume
	<i>(RMB in thousands)</i>			<i>(RMB in thousands)</i>			<i>(RMB in thousands)</i>		
Mobility service platforms with their own service fleet	180,125	183,228	6,369	153,256	193,533	7,547	373,147	566,306	22,366
Aggregation mobility service platforms	24,098	26,463	905	182,347	310,891	11,132	663,460	1,051,231	34,604
Total	204,223	209,691	7,274	335,603	504,424	18,678	1,036,607	1,617,537	56,970

In 2021, 2022 and 2023, the average fee charged by these third-party mobility service platforms to us under such collaborations was 3.3%, 8.0% and 8.9% of the fee paid by riders, respectively. The relatively low average fee rate in 2021 was primarily because, in the first half of 2021, we cooperated with only one platform with a fee rate of 2% for the first 30 million orders, primarily due to our close cooperation and the fact that the operator of this platform is one of our Pre-IPO Investors. The increase in average fee rate during the Track Record Period was primarily due to our cooperations with more third-party mobility services platforms, the most of which charged industry mainstream fee rates. During the Track Record Period, fee charged by these third-party mobility service platforms to us ranged from 2% to 15% of the fee paid by riders, taking into account factors such as the scale and bargaining power of the platforms and the relationships between the platforms and us. This is generally in line with the

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industry level of 5% to 14%. The slight difference is primarily due to the fact that different platforms have different fee bases and the fee rates are negotiated on a case-by-case basis. For example, (i) one platform charged a low fee rate of 2% for the first 30 million orders, primarily due to our close cooperation and the fact that the operator of this platform is one of our Pre-IPO Investors; and (ii) another platform charged an additional fee of 5% on top of the order matching fee of 10% for value-added information technology services (e.g., map and navigation services) it provided to enhance the user experience of its mapping and navigation features.

Despite the increasing trend of orders placed through third-party mobility service platforms, we are of the view that we have the initiative in our cooperations with, and we do not have any material reliance on any of, our cooperative third-party mobility service platforms, primarily because: (i) as of December 31, 2023, we had a broad base of 17 cooperative third-party mobility service platforms under third-party user traffic cooperation model, with no single platform accounted for more than 15% of our total revenue from orders placed through third-party mobility service platforms in 2023 and with our agreements with them typically subject to automatic renewal upon expiry; (ii) our relationships with these platforms are mutually beneficial and non-exclusive, under which third-party mobility service platforms prefer to allocate more orders to service providers with competent and compliant service fleet, allowing them to achieve higher response rate and enhance rider experience, while we benefit from additional order volume and GTV, amplifying our brand awareness and providing our drivers with more orders and better income, especially in cities where we strive to enhance our presence; (iii) we maintain long-term strategic partnerships or shareholding relationships with certain major cooperative third-party mobility service platforms. For example, Tencent, one of our substantial shareholders and our co-founder, is also an operator of our cooperative third-party mobility service platforms. We also cooperate with Tencent to benefit from its cutting-edge internet infrastructure and high-quality user traffic. Tencent empowers us in our platform operation and management, as well as market expansion. See “— Other Industry Partners — GAC and Tencent” and “Connected Transactions;” and (iv) the increase of orders placed through third-party mobility service platforms is in line with the industry trend of a broadening cooperation amongst mobility service platforms. According to Frost & Sullivan, the driver behind this trend is the inherent high requirement on timeliness in mobility services. The time required for order matching and pick up is a significant factor affecting riders’ experience with mobility service platforms. To achieve higher service quality, mobility service platforms are all endeavoring to delivery more timely service. It is impractical for any single platform to depend exclusively on its own fleet to satisfy riders’ needs while also sustaining high operational efficiency across an extensive area, which necessitates a collaborative approach to resource sharing and network utilization among platforms. Having taken into account the factors and analysis of our Company as described above as well as the independent due diligence conducted by the Joint Sponsors, nothing has come to the attention of the Joint Sponsors which would cause them to cast doubt on the reasonableness of our Company’s view as above-mentioned in this paragraph in respect of any material reliance on the increasing trend of orders placed through third-party mobility service platforms in any material aspects.

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The following tables set forth the details of our five largest cooperative mobility service platforms with their own service fleet under third-party user traffic cooperation by revenue, GTV and order volume in each year of the Track Record Period:

Year ended December 31, 2021

Platform	Revenue <i>(RMB in thousands)</i>	% of total revenue from ride-hailing services	GTV <i>(RMB in thousands)</i>	% of total GTV from ride-hailing services	Order volume <i>(thousands)</i>	% of total order volume from ride-hailing services
Platform A	150,891	15.0%	151,042	11.5%	5,229	11.4%
Platform B	13,926	1.4%	15,450	1.2%	609	1.3%
Platform C	9,747	1.0%	10,808	0.8%	340	0.7%
Platform D	4,822	0.5%	5,074	0.4%	160	0.3%
Platform E	739	0.1%	854	0.1%	31	0.1%
Total	180,125	18.0%	183,228	14.0%	6,369	13.8%

Year ended December 31, 2022

Platform	Revenue <i>(RMB in thousands)</i>	% of total revenue from ride-hailing services	GTV <i>(RMB in thousands)</i>	% of total GTV from ride-hailing services	Order volume <i>(thousands)</i>	% of total order volume from ride-hailing services
Platform A	63,525	5.1%	75,330	4.3%	2,700	4.1%
Platform B	51,292	4.1%	66,233	3.8%	2,541	3.9%
Platform E	26,082	2.1%	35,284	2.0%	1,633	2.5%
Platform F	6,522	0.5%	10,349	0.6%	442	0.7%
Platform D	3,435	0.3%	3,636	0.2%	118	0.2%
Total	150,856	12.1%	190,832	10.9%	7,434	11.4%

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Year ended December 31, 2023

Platform	Revenue (RMB in thousands)	% of total revenue from ride-hailing services	GTV (RMB in thousands)	% of total GTV from ride-hailing services	Order volume (thousands)	% of
						total order volume from ride-hailing services
Platform F	166,266	9.2%	275,958	10.2%	12,169	12.5%
Platform A	115,481	6.4%	161,091	5.9%	5,126	5.3%
Platform B	68,435	3.8%	96,259	3.5%	3,502	3.6%
Platform E	20,738	1.1%	29,564	1.1%	1,452	1.5%
Platform G	1,462	0.1%	2,538	0.1%	81	0.1%
Total	372,382	20.6%	565,410	20.8%	22,330	23.0%

The following tables set forth the details of our five largest cooperative aggregation mobility service platforms under third-party user traffic cooperation by revenue, GTV and order volume in each year of the Track Record Period:

Year ended December 31, 2021

Platform	Revenue (RMB in thousands)	% of total revenue from ride-hailing services	GTV (RMB in thousands)	% of total GTV from ride-hailing services	Order volume (thousands)	% of
						total order volume from ride-hailing services
Platform H	19,122	1.9%	20,126	1.5%	706	1.5%
Platform I	2,928	0.3%	3,100	0.2%	98	0.2%
Platform J	1,336	0.1%	1,499	0.1%	64	0.1%
Platform K	459	0.0% ⁽¹⁾	500	0.0% ⁽¹⁾	10	0.0% ⁽¹⁾
Platform L	213	0.0% ⁽¹⁾	245	0.0% ⁽¹⁾	9	0.0% ⁽¹⁾
Total	24,058	2.3%	25,470	1.8%	887	1.8%

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Year ended December 31, 2022

Platform	Revenue (RMB in thousands)	% of total revenue from ride-hailing services	GTV (RMB in thousands)	% of total GTV from ride-hailing services	Order volume (thousands)	% of total order volume from ride-hailing services
Platform H	87,466	7.0%	108,130	6.2%	3,948	6.0%
Platform J	46,098	3.7%	101,766	5.8%	4,271	6.5%
Platform M	30,201	2.4%	64,130	3.7%	1,923	2.9%
Platform I	12,964	1.0%	16,013	0.9%	577	0.9%
Platform L	2,788	0.2%	4,092	0.2%	146	0.2%
Total	179,517	14.3%	294,131	16.8%	10,865	16.5%

Year ended December 31, 2023

Platform	Revenue (RMB in thousands)	% of total revenue from ride-hailing services	GTV (RMB in thousands)	% of total GTV from ride-hailing services	Order volume (thousands)	% of total order volume from ride-hailing services
Platform J	266,514	14.7%	415,259	15.3%	15,904	16.3%
Platform M	219,011	12.1%	353,528	13.0%	9,718	10.0%
Platform H	146,659	8.1%	205,459	7.6%	7,155	7.4%
Platform I	15,714	0.9%	24,118	0.9%	815	0.8%
Platform L	5,287	0.3%	8,681	0.3%	276	0.3%
Total	653,185	36.1%	1,007,045	37.1%	33,868	34.8%

Note:

(1) Less than 0.1%.

Third-Party Service Fleet Cooperation

We have utilized, and expect to continue utilizing, such cooperation as a flexible supplement to our service capacity, especially in the early stages of our penetration in a geographic market when we are still growing our own service fleet. This approach allows us to gradually penetrate these markets and attract users while keeping our initial investments in check.

We launched this service in January 2022, and in 2022 and 2023, revenue from orders fulfilled by third-party mobility service platforms amounted to RMB13.3 million and RMB24.0 million, respectively, representing 1.1% and 1.3% of the total revenue from ride-hailing services, respectively; GTV from orders fulfilled by third-party mobility service platforms amounted to RMB139.9 million and RMB319.2 million, respectively, representing 8.0% and 11.8% of the total GTV from ride-hailing services, respectively. In the same periods, the number of orders fulfilled by third-party mobility service platforms amounted to 5.0 million and 12.0 million, respectively.

In 2022 and 2023, the average fee charged by us to these third-party mobility service platforms under such collaborations was 9.5% and 7.5% of the fee paid by riders, respectively. The decrease in average fee rate in 2023 was primarily due to the increase in the percentage of order volume from platforms to which we charged relatively lower fee rates, because these platforms allocated more service fleet to our platform and offer a relatively low price to riders. During the Track Record Period, fee charged by us to these third-party mobility service platforms ranged from 4% to 10% of the fee paid by riders, taking into account factors such as the scale and bargaining power of the platforms and the relationships between the platforms and us. This is generally in line with the industry level of 5% to 14%. The slight difference is primarily due to the fact that different platforms have different fee bases and the fee rates are negotiated on a case-by-case basis. For example, the industry high end of 14% fee rate was charged by a leading aggregation platform for very few small platforms, while its rate for most platforms was around 10%, according to Frost & Sullivan.

As of December 31, 2023, we operated as an aggregation platform in nine cities where we exclusively offered options of service fleets from third-party mobility service platforms without maintaining our own service fleet. In 2022 and 2023, the number of orders fulfilled by third-party mobility service platforms in cities where we operated as aggregation platform amounted to 3.8 thousand and 62.9 thousand, respectively, representing less than 0.1% of the order volume of ride-hailing services in the respective periods.

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The following tables set forth the details of our five largest cooperative mobility service platforms under third-party service fleet cooperation by revenue, GTV and order volume in each year of the Track Record Period:

Year ended December 31, 2022

Platform	Revenue (RMB in thousands)	% of total revenue from ride-hailing services	GTV (RMB in thousands)	% of total GTV from ride-hailing services	Order volume (thousands)	% of total order volume from ride-hailing services
Platform E	7,101	0.6%	66,442	3.8%	2,593	3.9%
Platform D	3,719	0.3%	46,006	2.6%	1,606	2.4%
Platform N	1,511	0.1%	15,692	0.9%	416	0.6%
Platform C	346	0.0% ⁽¹⁾	5,633	0.3%	201	0.3%
Platform G	288	0.0% ⁽¹⁾	2,192	0.1%	92	0.1%
Total	12,965	1.0%	135,965	7.7%	4,908	7.3%

Year ended December 31, 2023

Platform	Revenue (RMB in thousands)	% of total revenue from ride-hailing services	GTV (RMB in thousands)	% of total GTV from ride-hailing services	Order volume (thousands)	% of total order volume from ride-hailing services
Platform E	10,390	0.6%	152,081	5.6%	5,658	5.8%
Platform G	7,619	0.4%	95,934	3.5%	4,287	4.4%
Platform N	4,141	0.2%	39,261	1.4%	1,005	1.0%
Platform D	1,277	0.1%	22,718	0.8%	799	0.8%
Platform O	412	0.0% ⁽¹⁾	5,089	0.2%	139	0.1%
Total	23,839	1.3%	315,083	11.5%	11,888	12.1%

Note:

(1) Less than 0.1%.

Cooperation Terms and Processes

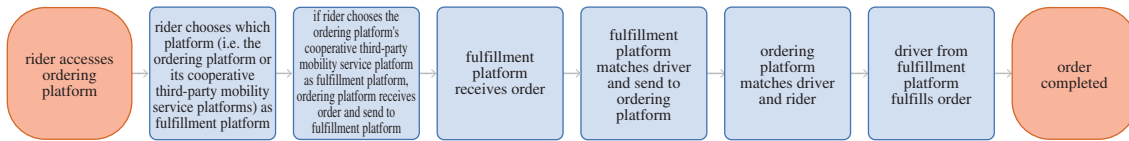
The key terms of our agreements with third-party mobility service platforms including both mobility service platforms with their own service fleet and aggregation mobility service platforms for the two cooperation models described above are generally the same and summarized as follows:

- *Duration:* The duration of the agreement is typically one year, subject to automatic renewal upon expiry.
- *Parties:* (i) Ordering platform who, with its riders' consent, sends the placed orders to the fulfillment platform; (ii) fulfillment platform who receives the order from the ordering platform and delivers service with its service fleet. We may act either as the ordering platform or the fulfillment platform.
- *Cooperation Model:* The ordering platform provides mobility platform order matching service to the fulfillment platform, enabling the latter's service fleet to be accessed by riders on the ordering platform. The ride fee quote calculation basis is at the discretion of the fulfillment platforms.
- *Service Charges:* The ordering platform typically charges a fee for matching the order. The level of order matching fee is negotiated on a case-by-case basis, taking into account various factors, primarily including: (i) the costs incurred by the ordering platforms, such as server maintenance and R&D expenses for aggregating services; (ii) mutual cooperations in other areas, such as mapping and cloud services; and (iii) the market position and bargaining power of the platforms. When two platforms engage in mutual cooperation across both models, they usually apply the same order matching fee rate to each other. According to Frost & Sullivan, the prevailing market rate ranges from 5% to 14%. Fee paid by riders is generally credited initially to the ordering platform's supervision account with banks or payment institutions. The ordering platform and fulfillment platform typically settle the fee paid by riders on a real-time, weekly or monthly basis and based on the order matching fee rates as stipulated in the agreement.
- *Liability:* In the event that the ordering platform is held liable or is subject to administrative penalties by the competent authorities as a result of an accident occurred during the service process, the ordering platform is typically entitled to recover any economic loss from the fulfillment platform. The fulfillment platform is responsible for resolving any driver-rider disputes arising from the orders fulfilled by its service fleet.
- *Termination:* The agreements are typically subject to automatic renewal upon expiry. If neither party gives written notice of termination prior to the expiration date, the agreement will automatically renew for an additional year.

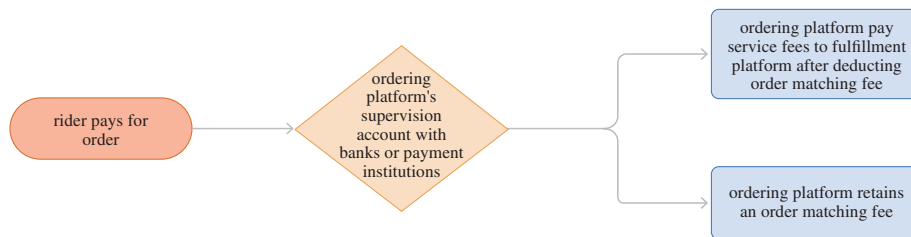
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Typical service flow and fund flow of our cooperations with third-party mobility service platforms are set forth as below:

Service Flow



Fund Flow



- * The flow charts above illustrate the scenario where a rider accesses a platform (the “**ordering platform**”) and chooses to place an order with a cooperative third-party mobility service platform available on that ordering platform (the “**fulfillment platform**”). We may act either as the ordering platform or the fulfillment platform. When a rider accesses our platform to place an order, our platform is the ordering platform. In this case, if the rider chooses to place an order with a cooperative third-party mobility service platform available on our platform, that platform is the fulfillment platform. Conversely, when a rider accesses one of our cooperative third-party mobility service platforms to place an order, that platform is the ordering platform. In this case, if the rider chooses to place an order with our platform or other platforms available on that ordering platform, that chosen platform is the fulfillment platform.

Other Industry Partners

GAC and Tencent

GAC and Tencent are our substantial shareholders.

GAC, a leading automobile manufacturer in China, provides us with an abundance of industry resources along the automobile value chain, which is vital to our mobility services. It is also an important partner in our technology services and fleet sale and maintenance. We have entered into certain transactions with GAC to (i) provide various types of products and services to GAIG and/or its associates, including, but not limited to our enterprise solutions for ride-hailing service, ride-hailing car related material sales, technology services, auto services and products offered through OnTime auto service center, and referral service; and (ii) procure a wide spectrum of products and services, including, but not limited to franchise management services, passenger vehicles, automobile components, vehicle maintenance and repair service, insurance service and software product.

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We cooperate with Tencent to benefit from its cutting-edge internet infrastructure and high-quality user traffic. Tencent empowers us in our platform operation and management, as well as market expansion. We have entered into certain transactions with Tencent to (i) provide our enterprise solutions for ride-hailing services to Tencent Technology and its affiliates; (ii) purchase cloud and digital map services and other cloud-related technical services; (iii) purchase payment services to enable our users to conduct online transactions on our platform through Tencent payment channel; and (iv) purchase marketing and promotion services, including allowing our mobility services to have access to, and accept orders on, Tencent's ride-hailing service platforms. See "Connected Transactions" for the details of our transactions and principal terms of our agreements.

Pony.ai, QCraft and NavInfo

Pony.ai's and QCraft's leading autonomous driving technologies are integrated into the innovative initiatives of our mobility services, equipping us with frontier technology solutions as we tap into autonomous driving mobility services. We also collaborate closely in R&D programs with NavInfo, a technology company specializes in navigation maps and software, dynamic traffic information, location data analysis and V2X solutions. We entered into framework cooperative agreements with them, the key terms as well as the progress of which are summarized as follows:

- *Duration:* The duration of the agreements is typically three years or longer.
- *Scope of Cooperation:* We maintain comprehensive collaborations with our industry partners in the realms of Robotaxi and technology services. Specifically:

(i) *Robotaxi:*

We may, from time to time, purchase certain amount of Robotaxis and Robotaxi software and hardware systems from our partners to build our own Robotaxi fleet. The purchase price will be determined based on the market price of the models developed by our partners.

Progress: In April 2022, we procured from Pony.ai several Robotaxis and Robotaxi software and hardware systems for our Robotaxi demonstrative commercial operation. In this transaction, the price we paid for each product was agreed upon by both parties based on prevailing market price.

Our partners may agree to connect their existing and future Robotaxis to our Robotaxi operation platform in the geographic markets where we operate. Once their Robotaxis start to operate, they will receive service fee in accordance with Robotaxi fee rate for any fulfilled rides.

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Progress: A fleet owned by Pony.ai has been connected to our Robotaxi operation platform. For rides fulfilled by their Robotaxis, they may receive service fee in accordance with Robotaxi fee rate. We typically settle payments with them on a monthly basis.

- (ii) *Technology Services.* We may offer technology services that support the development of autonomous driving technologies and smart transportation and facilitate the commercialization of autonomous driving technologies, to our industry partners.

Progress: We provided Pony.ai with certain technology services, primarily including data annotation services. The pricing was in line with our overall pricing methodology for technology services, and the payment was made in accordance with the contract.

- *Joint R&D:* We may enter into joint R&D programs in HD maps, V2X and autonomous driving technologies, which may involve certain mutual sourcing of products and services. The details of such R&D program will be stipulated by separate specific agreements. The ownership of any IP generated from such joint R&D programs will be negotiated upon case-by-case.

Progress: We have entered into a strategic partnership with NavInfo in the R&D collaborations in three major areas, namely HD map, autonomous driving and smart traffic. As of the Latest Practicable Date, our joint R&D activities with NavInfo remained at the early stages.

- *Technical Support:* Our partners may also provide us with technical support, such as autonomous driving technology support as well as vehicle system maintenance.
- *Termination and Renewal:* The agreements will be terminated upon expiration and by the parties' joint consent. With the parties' joint consent we can renew the agreements.

COMPETITION

China's mobility service market is intensely competitive and characterized by rapid changes in technology, shifting user preferences and frequent introduction of new services and products.

We compete directly with other mobility service providers, including ride-hailing and hitch service providers. We expect competition to continue, both from current competitors, who may be well-established and enjoy greater resources or other strategic advantages, as well as from new entrants into the market. During the Track Record Period, we primarily competed with other mobility service providers in the GBA. As we continue to expand into other cities

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and regions, we face competition from industry participants in different geographical markets. We also compete with providers of other means of transportation, including railways, buses and short-haul flights, primarily based on ride experience, efficiency and price.

In terms of GTV in 2023, the GBA represented 15.2% of the total market share in China's mobility service market. In line with the overall competitive landscape of China's mobility service market, the leader in the GBA has a significant market leadership. In terms of GTV in 2023, GBA's largest mobility service platform represented 56.5% of the market share in GBA's mobility service market, significantly ahead of our 5.6% market share as GBA's second-largest platform. This dominance is primarily attributed to its early market entry, expansive coverage, significant user base and evident first-mover advantage, according to Frost & Sullivan.

We believe that our ability to compete effectively depends upon many factors, including:

- our ability to maintain a industry-leading regulatory compliance profile in a cost-efficient manner;
- the continued success of our focused growth strategy, centered on the Greater Bay Area, and expanding into neighboring regions under our geographical expansion strategy;
- our ability to develop innovative service options that bring about synergies amongst our offerings;
- our ability to attract and retain riders and drivers;
- our ability to provide superior user experience at an affordable price;
- our ability to maintain and improve our safety measures;
- our reputation and brand awareness; and
- the openness and compatibility of our platform and our relationship with business partners, including taxi companies and associations, car partners, automobile manufacturers and autonomous driving solution providers.

SOCIAL RESPONSIBILITY AND ENVIRONMENTAL PROTECTION

We are committed to the promotion of corporate social responsibility and environmental protection. We aim to create and enhance a positive impact on our employees, users and business partners, and to improve our environmental responsibility and public responsibility. We are subject to environmental protection and occupational health and safety laws and regulations in the PRC, violation of which may result in various administrative penalties from competent authorities, such as warnings, fines, orders to rectify, orders to disclose relevant information or make an announcement or orders to suspend business. See "Regulatory Overview."

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Our ESG management is structured in three tiers, comprising designated committees at the board and management level, as well as responsible units in relevant execution departments.

Our Board takes the overall responsibility for identifying, evaluating and managing the impact of material ESG-related risks. Specifically, our Board is responsible for (i) overseeing and adopting the ESG policy, (ii) assessing ESG-related risks according to applicable laws, regulations and policies, (iii) setting ESG-related goals and targets, and formulating and assessing ESG strategic plans and mitigating measures, (iv) reviewing our performance against ESG-related goals and targets and revising the ESG strategies as appropriate if significant variance from the target is identified, and (v) monitoring and managing ESG matters and the effectiveness of our ESG system. To effectively manage ESG-related matters, our Board has established an ESG committee, which is primarily responsible for (i) managing ESG matters under the direction of the Board, (ii) reviewing and assessing our ESG matters such as development plans and corporate governance structure, and making recommendations to the Board from time to time, and (iii) holding regular meetings at least once a year and subsequently reporting to the Board in writing.

Environmental Protection

We do not operate any production facilities. Our business mainly focuses on the operation of an online mobility service platform. Unlike many of the ride-hailing service providers who still rely primarily on traditional fossil fuel vehicles, vehicles on our platform consist primarily of electric vehicles. This helps us significantly lower the greenhouse gas (“GHG”) emissions in our operations. The table below sets forth our energy and resource consumption and GHG emissions for the periods indicated:

	Year ended December 31,		
	2021	2022	2023
Energy and resource consumption⁽¹⁾			
Electricity consumption (<i>kWh</i>)	353,882	849,753	1,203,849
Electricity consumption intensity (<i>kWh per million RMB of revenue</i>)	349.2	621.0	557.1
Water consumption (<i>tons</i>)	1,277	11,219	10,312
Water consumption intensity (<i>tons per million RMB of revenue</i>)	1.3	8.2	4.8
GHG emissions			
Total GHG emissions (<i>tons of CO₂e</i>)	41,067	54,346	82,191
GHG total emission intensity (<i>tons of CO₂e per million RMB of revenue</i>)	40.5	39.7	38.0
Scope 1 direct GHG emissions ⁽²⁾ (<i>tons of CO₂e</i>)	N/A	N/A	N/A
Scope 2 indirect GHG emissions ⁽³⁾ (<i>tons of CO₂e</i>)	41,057	54,328	82,116
Scope 3 GHG emissions ⁽⁴⁾ (<i>tons of CO₂e</i>)	10	18	75

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Notes:

- (1) Our electricity and water consumption in 2021 primarily come from our daily operations. Our electricity and water consumption in 2022 and 2023 primarily come from (i) our car wash and EV charging services under fleet sale and maintenance launched in 2022 and (ii) our daily operations. See “– Our Service Offerings – Fleet Sale and Maintenance.” The calculation of our electricity and water consumption has not factored in service fleets operating on our mobility service platform.
 - (2) Scope 1 direct GHG emissions are direct emissions from resources owned and controlled by the companies. We are not a manufacturing company, so scope 1 direct GHG emissions are not applicable to us.
 - (3) Scope 2 indirect GHG emissions are indirect emissions from the generation of purchased electricity, including platform vehicle electricity and office electricity. The calculation of scope 2 indirect GHG emissions has factored in service fleets operating on our mobility service platform.
 - (4) Scope 3 GHG emissions are indirect emissions related to operations and supply chains. Our scope 3 GHG emissions are mainly generated from business travel and employee commuting.
- * The above GHG emissions data has not been reviewed by external consultants.
- ** Frost & Sullivan believes that the scale of our electricity and water consumption as well as GHG emissions during the Track Record Period was at the average level in the mobility service industry, based on its review of publicly disclosed filings of certain internet platform companies which are comparable to us in terms of ESG performance and taking into account that over 95% of service vehicles on our platform were new energy vehicles and hybrid vehicles as of December 31, 2023, higher than the mobility service industry average.
- *** Our electricity and water consumption and consumption intensity have increased significantly since 2022, primarily attributable to our car wash and EV charging services under fleet sale and maintenance launched in 2022. Our electricity consumption increased significantly from 840,753 kWh in 2022 to 1,203,849 kWh in 2023, which was in line with the expansion of our business scale. Our electricity and water consumption intensity decreased from 621.0 kWh and 8.2 tons per million RMB of revenue, respectively, in 2022 to 557.1 kWh and 4.8 tons per million RMB of revenue, respectively, in 2023, primarily due to the significant increase in our revenue from RMB1,368.4 million in 2022 to RMB2,161.1 million in 2023.
- **** During the Track Record Period, our total GHG emissions increased significantly, primarily due to the increase in our scope 2 indirect GHG emissions, which is primarily attributable to the significant increase in the total annual mileage of vehicles operating on our platform, generally in line with the increase of our ride-hailing GTV from RMB1,310.5 million in 2021 to RMB1,756.9 million in 2022, and further to RMB2,714.0 million in 2023. Our scope 3 GHG emissions increased from 18 tons of CO₂e in 2022 to 75 tons of CO₂e in 2023, primarily due to the heightened frequency of employee business trips compared to that during the COVID-19 pandemic period in 2021 and 2022.

Committed to reducing our carbon footprint and contributing to the overall environmental sustainability, we have implemented, and will continue to implement, various measures to reduce our energy and resource consumption and GHG emissions, including, among others:

- *GHG emissions.* We are committed to reducing GHG emissions throughout the mobility value chain by using new energy vehicles and hybrid vehicles. As of December 31, 2023, over 95% of service vehicles (including both rental vehicles and driver-owned vehicles) on our platform were new energy vehicles and hybrid vehicles. We believe our vigorous promotion of new energy vehicles and hybrid vehicles has reduced our exposure to ESG and climate risk impacts, as compared with those primarily utilizing traditional vehicles. We also collaborate with our car partners to achieve a growing number of drivers and service vehicles on our platform, thereby diminishing reliance on private cars. This strategy not only

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mitigates traffic congestion and its related emissions but also reduces the demand for private vehicle production, leading to fewer associated emissions. We estimate that we had facilitated an aggregate reduction in GHG emission of 127,501 tons of CO₂e since we commenced our operations and as of December 31, 2023. In 2021, 2022 and 2023, our service offerings helped reduce 27,276 tons of CO₂e, 35,950 tons of CO₂e and 54,370 tons of CO₂e, respectively, which is calculated by multiplying the total mobility service mileage facilitated by our platform in a given year by the difference between the emissions per km of traditional vehicles and new energy vehicles, with reference to the Public Notice on Road Motor Vehicle Production Enterprises and Products (《道路機動車輛生產企業及產品公告》) issued by MIIT. We believe that the progress in autonomous driving and Robotaxi technologies has the potential to optimize the efficiency of transportation and further reduce the overall carbon footprint of the mobility service industry. We expect to help reduce over 50 thousand tons of CO₂e each year for the next three years.

- *Electricity usage.* We endeavor to conserve energy in response to the government's initiatives. We promote energy saving awareness among our employees through our training and campaigns. Going forward, we plan to (i) install energy efficient lighting and ensure lights are switched off when not needed either manually or through automatic sensors, (ii) require double-sided printing of documents throughout our office, and (iii) implement air conditioning controls, with measures including requirements on lowest temperature, regular maintenance of air-cooling technologies and optimal timing controls.
- *Resource consumption.* We endeavor to reduce negative environmental impact through our energy saving and sustainable development efforts. We encourage paperless office initiatives and adopt water recycling technology to reduce resource consumption. In addition, we engage professional third parties to recycle some of the used parts of our service vehicles, including used batteries and tires. Approximately 20 tons of used batteries and over 10,000 used tires and other components are recycled each year.

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The table below sets forth the measurable targets for improving our energy and resource consumption and GHG emissions for the next three years:

	Year ended December 31,		
	2024	2025	2026
Energy and resource consumption			
Electricity consumption (<i>kWh</i>)	1,671,360	1,874,160	2,015,580
Electricity consumption intensity (<i>kWh per million RMB of revenue</i>)	521.8	389.6	271.9
Water consumption (<i>tons</i>)	13,371	14,993	16,125
Water consumption intensity (<i>tons per million RMB of revenue</i>)	4.2	3.1	2.2
GHG emissions			
Total GHG emissions (<i>tons of CO₂e</i>)	121,250	175,008	236,442
GHG total emission intensity (<i>tons of CO₂e per million RMB of revenue</i>)	25.7	25.2	23.6
Scope 1 direct GHG emissions (<i>tons of CO₂e</i>)	N/A	N/A	N/A
Scope 2 indirect GHG emissions (<i>tons of CO₂e</i>)	121,205	174,962	236,397
Scope 3 GHG emissions (<i>tons of CO₂e</i>)	45	45	45

* The above estimated data has not been reviewed by external consultants. The calculation of scope 2 indirect GHG emissions have factored in service fleets operating on our mobility service platform.

During the Track Record Period and up to the Latest Practicable Date, our operations were in compliance with the relevant PRC environmental protection and occupational health and safety laws and regulations in all material aspects, and we had not been subject to any fines or other penalties due to non-compliance with environmental protection and occupational health and safety laws and regulations.

Our Board of Directors has adopted a comprehensive ESG policy in accordance with the Listing Rules, which sets forth our corporate social responsibility procedures and provides guidance on practicing corporate social responsibility in our daily operations.

Social Responsibility

Mobility service is essential to the operation of the economy and society. Leveraging our operational excellence and resources, backed by the support of our shareholders, including major state-owned enterprises and leading internet platform companies, we undertake important roles in making mobility services available for a wider range of the population and in difficult times.

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We devoted significant resources to maintain our regular service operation under the impact of COVID-19, and established comprehensive safety measures to reduce the risk of disease transmission during trips. In the early stage of the COVID-19 outbreak, we set up a public sanitization site at Guangzhou railway station, where free sanitization services were provided to all taxis and other vehicles using our mobility service platform.

To tackle the challenges in urban transportation, including frequent congestion and difficulties in ride-hailing, we focus on the R&D of technologies and solutions that not only improve our own operational efficiency, but also improve, on a greater scale, overall urban transportation planning. For example, we work with governmental authorities on various smart transportation initiatives, aiming to improve traffic efficiency while lowering monetary costs and adverse environmental impact, hence generating social-economic gains. See “— Our Service Offerings – Technology Services.”

We will continuously communicate with the relevant regulatory authorities regarding the evolving ESG-related regulatory requirements to keep abreast of the last developments and ensure our ongoing compliance. Specifically, we actively promote the healthy and sustainable development of the mobility service industry. For example, we actively collaborate with relevant regulatory authorities to develop mobility policies and plans, and promote government support and guidance for green mobility.

Employee Care

We strive to build a fair workplace environment that is conducive to individual growth. Our workplace policies are constantly reviewed to ensure that they are in compliance with relevant laws and regulations, and reflect the culture and values of our team.

We are concerned about the career progression of our employees, and offer a wide range of training plans for different career stages. All of our employees are required to participate in training, with an average training time of 20 hours per person per year.

We also focus on the career development of our female staff, and encourage more female drivers to register on our platform. We have established the “OnTime Women’s Center” (如祺出行婦女之家) and cooperate with local women’s care projects in Guangzhou to provide support to female drivers.

We aim to provide our employees with competitive compensation and a work-life balance. The overall compensation plan is reviewed, according to market conditions, every two years. Besides salary and cash incentives, we also provide employees with comprehensive benefit packages, including free work lunch, mobile phone plan subsidies, festival gifts, extra annual leave allowances beyond the statutory minimum, psychological counseling services, physical examination services and commercial medical insurance and employee discount for automobile purchase. We also embrace diversity within our organization, strictly prohibiting any form of discriminatory and prejudicial practices.

PATH TO PROFITABILITY

We are a mobility service company in China. We achieved robust revenue growth during the Track Record Period, which increased from RMB1,013.5 million in 2021 to RMB1,368.4 million in 2022, further increased to RMB2,161.1 million in 2023, representing a CAGR of 46.0%. Moreover, we have successfully narrowed our gross loss margin since 2021, from -24.2% in 2021 to -10.7% in 2022, and further to -7% in 2023. We believe the following features have effectively differentiated us from our peers in the smart mobility market in the Greater Bay Area during the Track Record Period, and are expected to support our growth and expansion into other markets and achieve profitability in the future:

- **Our dedication in the implementation of our geographical expansion strategy.** Instead of relying blindly on giving riders and drivers subsidies to compete for market shares in various cities, we follow our geographical expansion strategy to formulate strategic plans for resource investment and expansion goals to ensure establishment of presence in an orderly way. Guided by our geographical expansion strategy, we selected foothold cities from city clusters, taking into account economic scale, cultural impact and transportation convenience. We prioritized investing resources in the foothold cities, the majority of which are in the Greater Bay Area during the Track Record Period. As one of the five major city clusters and one of the most developed regions in China, the Greater Bay Area has strong demand potential for mobility services. The size of the Greater Bay Area passenger vehicle smart mobility market is expected to reach RMB207.9 billion in 2030, at a CAGR of 23.3% from 2023, according to Frost & Sullivan. As of December 31, 2021, 2022 and 2023, the number of foothold cities where we strategically prioritized resources was five, seven and nine, respectively, the majority of which are in the Greater Bay Area. Leveraging our brand awareness and operating expertise obtained in foothold cities, we expect to penetrate into the adjacent areas and ultimately achieve an optimal performance of the entire region. Our geographical expansion strategy helped us to realize significant development in terms of both business scale and financial performance. As of December 31, 2021, 2022 and 2023, the number of cities where we operated were six, 18 and 24, respectively. In 2023, our mobility service GTV was RMB2,741.0 million, making us the second largest smart mobility service platform and ride-hailing service provider in the Greater Bay Area with a market share of 5.6%, according to Frost & Sullivan.

Within the Greater Bay Area, we strategically prioritized establishing our presence and increase our market share in Guangzhou, focusing on investment in online and offline media resources to acquire new riders, building a professional service fleet and accumulating operating experiences. As such, we have achieved fast growth in Guangzhou and our success there facilitated our expansion into its neighboring areas, including Foshan, Zhuhai and Shenzhen, because we were able to leverage our established brand awareness and replicate proven operation expertise and management systems to such new markets. In addition, with the implementation of our geographical expansion strategy, the order volume of inter-city trips between

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Guangzhou and other cities as a percentage of our total Guangzhou-related order volume increased from 4.91% in 2021 to 4.95% in 2022, and further to 6.08% in 2023. Our extensive rider base in Guangzhou had also accelerated the pace of our acquisition of new riders in its neighboring cities. For example, in the first month of our operation in Foshan and Zhuhai, riders who had registered before the commencement of our operation accounted for 23.3% and 13.9% of the total riders in these two cities, respectively. Guided by our geographical expansion strategy, we are able to expedite the establishment and expansion of our business operations in new markets and lower the cost of market penetration, and therefore to achieve sustainable and efficient growth. During the Track Record Period, our acquisition cost per new active rider decreased by 16.1% from 2021 to 2023.

- **Our insistence on providing both drivers and riders quality user experience.** We are committed to offering high-quality services, catering to the evolving needs of our users. For our riders, we continuously optimize our services with a focus on achieving efficient dispatch and real-time safety monitoring, thus offering better traveling experience to our riders. Therefore, in addition to the fast expansion of our active rider base during the Track Record Period, we managed to record an annual rider retention rate of our ride-hailing services of 31.7%, 31.0% and 27.8%, respectively, and the average ride frequency of 8.8, 10.2 and 9.0, respectively, in 2021, 2022 and 2023 significantly higher than the industry average levels of approximately 23% and 7.0, respectively, in 2023. Those higher than industry average operation indicators demonstrate our competitive edge in the market, resulted from our consistent emphasis over service quality, competent driver fleet and brand awareness over the years. The slight declines in those two indicators are mainly attributable to the significant increase in the number of orders from third-party mobility service platforms, which proves our competitive edge on third-party mobility service platforms. We believe that would allow us to more effectively compete with our peers in GBA and other part of China. Apart from our quality services, we were also committed to high safety and compliance standards and ensuring the safety of riders during their trips on our platform.

For our drivers, we strive to provide them the opportunities to enjoy stable income by feeding them with abundant orders. Our fleet sale and maintenance have streamlined the routine tasks of drivers with respect to vehicle maintenance and repair and other after-sale services, helping them reduce expenses. We maintained a stable and strong service fleet during the Track Record Period, with the average monthly active drivers of our ride-hailing services increasing from 11.9 thousand in 2021 to 18.6 thousand in 2022, and further to 36.8 thousand in 2023. Such a competitive and expanding service fleet enable us to maintain high response rates and deliver high quality services during the Track Record Period, thus driving the expansion of our rider base and ultimately our revenue growth. In 2023, we recorded a response rate of 88.9%, which is much higher than the industry average response rate of 85% in the same year, according to Frost & Sullivan.

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- **Our first-mover advantage in developing new services.** We believe that the future competition in mobility service industry would go beyond ride-hailing services. We are the first mobility service platform in the world to launch a commercialized hybrid operation of manned ride-hailing and Robotaxi services, according to Frost & Sullivan. Upon launch, third-party Robotaxis were connected to our platform for demonstrative commercial operation. Our fleet sale and maintenance introduce a one-stop standardized automobile service platform that optimizes drivers' vehicle purchase, repair and maintenance costs and process, reinforcing their bond with us. As of December 31, 2023, we were capable of providing fleet sale and maintenance to 135.2 thousand drivers. Revenue from fleet sale and maintenance increased from RMB118.6 million to RMB320.4 million from 2022 to 2023, representing 8.7% and 14.8% of total revenue during the same periods, respectively. Our valuable use case information and close connections with players in various sub-segments of the smart mobility service industry allow us to efficiently launch technology services and achieve effective customer acquisition. As of the Latest Practicable Date, we had secured contracts for our technology services with a total contract value of RMB57.9 million. Our diversification in business and revenue sources as well as our deployment in promising adjacent areas would ensure our stable and sustainable development in the future.
- **Our unique and competitive shareholder background.** Jointly founded by GAC Group and Tencent, with Pony AI being our strategic shareholder, we are able to integrate the abundant resources across the entire automobile manufacturing and mobility technology value chains. For instance, the stable supply of new energy vehicles by GAC Group has facilitated our quick establishment of fleets in our foothold cities in the Greater Bay Area, consolidated our presence in those areas as a new player in the smart mobility service sector. Our close connection with the GAC Group allows us to realize collective vehicle procurements, which is critical to the launch and operation of our fleet sale and maintenance business. We also benefit from the internet infrastructure and user traffic of Tencent to achieve swift market expansion and user acquisition. In addition, with Pony AI being our shareholder, we are naturally more close to autonomous driving solution developers than our peers and manage to stay sensitive to their evolving needs, allowing us to more meticulously curate technology services and acquire more contracts from them.

Since our establishment and during the Track Record Period, we devoted significant resources to accumulate both riders and drivers, to support our business expansion, as well as to strengthen our technology capabilities, allowing us to achieve significant growth notwithstanding the impact of the pandemic. As a result, we have recorded operating losses, net losses and adjusted net losses (Non-IFRS measure) during the Track Record Period primarily due to the costs and expenses incurred by us to quickly establish our presence in major cities of the Greater Bay Area and increase our penetration rates in those markets, including (i) the incentives offered in the course of our swift business expansion in terms of geographical coverage, helping us quickly acquire and retain riders and drivers. Specifically,

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the incentives offered to riders using our ride-hailing services are recorded as a deduction of our revenue and the incentives offered to drivers providing ride-hailing services are recorded as cost of revenue. See “Financial Information – Material Accounting Policy Information, Judgments and Estimates – Revenue – Mobility Services Business – Incentives;” (ii) the selling and marketing expenses incurred for building and enhancing our brand awareness in the markets where we operate; (iii) the R&D expenses incurred for development and improvement of our technology systems and user interface to further optimize user experience and enhance our technology capabilities for the growth of new businesses such as Robotaxi and technology services; and (iv) the general and administrative expenses to support our business growth. According to Frost & Sullivan, it is normal for mobility service companies like us to incur significant costs and expenses during the initial development stage. However, with the implementation of our geographical expansion strategy and our enhanced operation and management efficiency, we expect to control the growth of our cost and expenses as a percentage of our revenue along with our business expansion.

Instead of pursuing short-term financial returns, we remain dedicated to cementing the foundation for our long-term success, focusing on cultivating a robust rider and driver base by offering quality experience and expanding our geographical network in China. To achieve further market penetration and establish our brand awareness in the new cities where we plan to enter and to continue refining our services with the support of advanced technologies, we expect our cost of revenue and operating expenses to increase in absolute amount along with our business expansion in the near future. Accordingly, our growth in revenue in the coming period may not be able to fully cover the various costs and expenses incurred in the near future, and we expect to continue incurring net loss and net operating cash outflow in 2024, 2025, 2026 and 2027 as we continue to expand the business of our mobility services, enhance our technology capabilities and grow our newly launched services. In addition, we may not be able to successfully commercialize our Robotaxi services, and even if we are able to commercialize such business, we cannot guarantee that we will be able to deliver safe, efficient, competitive and economically viable Robotaxi services that are well-received by the market and further realize our financial expectation. See “Risk Factors – Risks Relating to Our Business and Industry – If we are unable to develop or manage new or upgraded services, products or technologies that are well-received by the market, our business, results of operations, financial condition and prospects may be adversely affected.” Regardless of the commercialization of our Robotaxi services, we will be unable to achieve breakeven in 2024, 2025, 2026 and 2027. The foregoing 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. These forward-looking statements involve known and unknown risks, uncertainties and other factors, some of which are beyond our control, and may cause the 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. See “Risk factors – We had gross loss, net loss and net cash outflow during the Track Record Period, and may continue to incur gross loss, net loss or have net cash outflow in the future.”

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In future, we plan to follow the designed path to maintain sustainability and achieve profitability through: (i) expanding business scale and promoting revenue growth; (ii) improving gross margin; (iii) enhancing operation and management efficiency; and (iv) improving net current liabilities position. With the implementation of those strategies and plans, we expect to reach profitability, achieve sustainable growth of our revenue and improve our operating cash flow conditions.

Expanding Business Scale and Promoting Revenue Growth

We are operating in one of the fastest-growing business areas, dedicated to addressing key challenges in the mobility area for urban residents in China. According to Frost & Sullivan, the market size of smart mobility industry by GTV in China and the Greater Bay Area are expected to reach RMB1,535.2 billion and RMB210.0 billion in 2030, growing at a CAGR of 17.1% and 21.4% from 2024 to 2030, respectively. We serve and connect various participants of the mobility industry including the riders, drivers, automobile OEMs, vehicle service providers and autonomous driving solution providers. We believe that we are well-positioned to achieve sustainable growth in the future.

Growing Our Ride-Hailing Service Business in Existing Cities

To better capture and capitalize on future growth opportunities, we intend to strategically grow the revenue from ride-hailing service business in the cities where we have operations through the following measures.

- **Expanding our driver base and service fleet.** According to Frost & Sullivan, due to the strong demand potential for mobility services in the Greater Bay Area and other parts of China, the shortfall of fulfilment capacity of ride-hailing service providers is expected to persist. Therefore, companies with a large and competent team of drivers and service fleet are more likely in a more favourable position than others to capture the growing demands in the market. In 2021, 2022 and 2023, we recorded response rates of 81.5%, 84.8% and 88.9%, respectively. We will continue to leverage the abundant order resources and advanced matching algorithms to ensure our drivers to enjoy stable income. In addition, the continual development of our fleet sale and maintenance business, with more comprehensive service offerings and streamlined delivery process, will save drivers from burdensome vehicle-related maintenance and repairing works and high costs, increasing our attractiveness to them.
- **Improving User Experience.** With our user-centric approach and relentless commitment to offering premium services, the number of the average monthly active riders of our mobility services amounted to 1,031.7 thousand, 1,203.8 thousand and 1,047.3 thousand in 2021, 2022 and 2023, respectively. We intend to continue optimizing our matching algorithms and strengthen the training of our drivers to ensure our riders would have satisfied trips with us.

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- **Strengthening cooperation with car partners.** We work with our car partners in: (i) driver recruitment and management; and (ii) vehicle management. Our car partners hire drivers who meet all legal and our internal protocols and manage drivers, including collecting car rents from those drivers that rent service vehicles from our car partners. For vehicle management, we help our car partners secure a stable supply of compliant service vehicles. See “– Relationship with industry partners – Car partners.” Strengthening our cooperation with car partners ensures that we have a stable supply of a competent and compliant service fleet, which is essential for us to provide our riders with a satisfying mobility experience.
- **Commitment to higher-than-industry-average compliance rate.** There has been a trend that regulators are tightening the regulations of mobility services in recent years. Therefore, ride-hailing service providers with optimal compliance record and sound compliance systems are expected to capture more business opportunities in the future. We are a leader in the industry in terms of order compliance rate. According to the published information by the MOT, as of December 31, 2023, our MOT Order Compliance Rate ranked first 17 times. Since the MOT started to publish the ranking of compliance rate for all ride-hailing platforms in November 2020, the orders placed to us from third-party mobility service platforms showed a continuous upward trend, which increased by 65.9% from the month before the publication to December 2020.

Expanding Geographical Coverage of Mobility Services into New Cities

It is crucial for our future success to continue achieving a strong footprint and geographic coverage, meanwhile maintaining operational efficiency and return on investment, through strengthening our overall service and marketing capabilities. We strategically expanded our service network from existing markets into carefully selected geographic regions, taking into account the demographic and socioeconomic conditions, our local resources and brand recognition, regulatory environment and competitive landscapes. Instead of investing significant resources in various cities randomly to capture short-term economic returns, our strategy begins with selecting city clusters with developed economies and strong inter-city trip demands, and identifying major cities within these clusters as our foothold cities to maximize the network effects across cities. In the near future, we plan to continue implementing our geographical expansion strategy to build a stronger footprint in other cities of the Greater Bay Area, as well as more provinces and cities nearby with our mobility services, including Robotaxi, based on our expansion plan.

Geographical expansion allows us to expand our rider base, diversify our market presence and reduce the risks associated with reliance any individual geographical area, and strengthen our brand recognition, all of which are expected to contribute to further revenue growth in the future, which is critical to the continued growth of the operation scale and revenue for a mobility service company like us. In addition, during the Track Record Period, we consistently improved our cost and expense management capabilities, demonstrated by (i) the decrease in our management fees payable to our car partners as a percentage of our total cost of revenue

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as we helped our cooperative car partners to improve their efficiency and enhance cost management. In 2021, 2022 and 2023, the average management fee per order we paid to car partners was RMB0.84, RMB0.61 and RMB0.40, respectively; (ii) the decrease in the incentives per order to our drivers because we offered drivers the opportunities to secure abundant trip orders and helped them to manage and optimize their cost structure. The incentives per order to registered drivers providing ride-hailing services were RMB2.87, RMB1.71 and RMB1.46 in 2021, 2022 and 2023; and (iii) the decrease in selling and marketing expenses as a percentage of our total revenue owing to our established strong network in new markets with synergistic potential to our foothold cities. We believe our cost and expense management capabilities would benefit from our expansions as the aforementioned measures could be conveniently replicated to new geographical markets and are expected to remain effective due to the larger scale of operations that would further enhance our brand awareness and strengthen our bargaining power. Moreover, the gross profit generated from new cities in our geographic expansion is crucial for us to achieve breakeven. With the continuous improvement of our operational efficiency, the gross profit from the current cities is expected to continue improving and reach an industry leading level in a sustainable manner. The gross profit generated from new cities would further improve our profitability to cover our fixed costs and support us to achieve the breakeven in the near future. As a result, we believe geographical expansion would contribute to the improvement of our profitability.

We also plan to expand our footprint to other parts of China through our geographical expansion strategy, which has been proven effective in the Great Bay Area. Specifically, we aim to define a select of major cities out of the foothold cities as the first-tier cities, taking into account the factors such as population, total GDP, GDP per capita, GDP growth rate, public transportation condition, taxi capacity and the ride-hailing market saturation level. We would prioritize resource investment and operating enhancement in the first-tier cities when we enter into the markets of different geographic regions in China. Among the potential first-tier cities, we prioritize our expansion into the ones that have more spatial interactions with our existing cities, with Guangzhou in particular. Around the first-tier cities defined under our geographical expansion strategy, we also select certain foothold cities as the second-tier cities, taking into account population, GDP per capita and the spatial interactions with the nearby first-tier cities. After establishing a robust and loyal rider base as well as a competitive driver fleet in those first-tier cities, the second-tier cities are expected to benefit to the largest extent from the established brand awareness and rider base in such markets, facilitating our rider acquisition and market penetration in the relevant regions. Similar to our approach to entering existing foothold cities, our primary steps for entering cities outside of the Greater Bay Area include: (i) obtaining necessary permits and licences; (ii) establishing cooperation with local or cross-cities car partners by leveraging our existing resources in nearby cities; and (iii) attracting drivers and riders by making an initial marketing investment. The table below sets forth the breakdown of number of cities in which we plan to expand by different regions⁽¹⁾ for the periods indicated:

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	Year ending December 31,				
	2024	2025	2026	2027	2028
	<i>(number of cities)</i>				
Eastern China	2	3	–	–	1
South China	–	–	2	1	–
Central China	1	–	–	–	–
Total	<u>3</u>	<u>3</u>	<u>2</u>	<u>1</u>	<u>1</u>

Note:

- (1) The information contained in the table above is based on current expectations, estimates, forecasts, management’s beliefs and assumptions made by management and involve risks, uncertainties and assumptions which are difficult to predict. Therefore, actual outcomes and results may differ materially from what is expressed or foretasted in such information due to numerous factors, including but not limited to changes in our business operations and financial condition.

However, we would not emphasize the number of new cities we enter into in a particular year. Instead, we prefer to have a stable revenue growth from our ride-hailing services as its scale expands. We strive to dynamically balance the investment in existing and new cities through regularly assessing our performance and revenue distributions across different regions. Our expansion plan would ultimately depend on whether we are able to obtain ride-hailing business permits in the cities where we intend to operate ride-hailing services. See “Risk Factors — We are required to obtain and maintain the requisite licenses and approvals, and if we are required to take actions that are time-consuming or costly in order to obtain and maintain such requisite licenses and approvals, our business, results of operations and financial condition may be materially and adversely affected.”

Further Diversifying Our Service Offerings and Revenue Mix

Mobility services, technology services and fleet sale and maintenance constitute our multi-dimensional service system. Leveraging the experience and resources that we accumulated through the operation of our mobility service platform, we also tapped into technology services. Utilizing the vast amount of use case information generated and collected through our services and combining with our market insights as an experienced market leader in China’s mobility service market, we have developed various autonomous technology solutions, such as AI data and model solutions and HD map solutions for automobile manufacturers and autonomous driving solution providers as well as government authorities. We also commenced our fleet sale and maintenance business in April 2022 to provide a full suite of supporting services to drivers and car partners. After the initial development stage, we expect these two segments to become the new growth drivers of our business.

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In the future, we expect our technology services and fleet sale and maintenance will retain stable development and further contribute to our revenue growth, specifically:

- **Technology services.** We expect the growth of revenue from our technology services is mainly driven by the development from AI data and model solution services. The market for AI data and model solutions is expected to reach RMB6.25 billion in 2024, boom to RMB12.84 billion in 2026, and further increase to RMB18.01 billion in 2027, according to Frost & Sullivan. With our advanced technologies and abundant valuable data, we are in a favorable position to capture more market share in such a growing market. We intend to further develop the scale of our AI data and model solution services through the following measures: (i) we plan to leverage our strong shareholder background to explore more customers along the autonomous driving industry chain. For instance, other than Pony AI, we plan to establish business relationships with autonomous driving AI chip companies, AI perception solution providers and automobile manufacturers; (ii) we plan to further optimize service delivery process to improve customer experience. We have developed OnTime Data Encoder Platform with various functions, such as pre-annotation, continuous frame annotation, 4D annotation, automated annotation, allowing us to more efficiently deliver AI data and model solutions to customers; and (iii) we plan to further enhance our technology capabilities. In 2023, we entered into cooperations with a variety of entities, including technology companies and academic institutions, to empower our R&D efforts. As of the Latest Practicable Date, we had secured orders for our technology services with a total contract value of RMB57.9 million, which will be recognized in the next few years.
- **Fleet sale and maintenance.** We strive to offer drivers a one-stop standardized automobile service platform, covering their entire car-using cycles from purchase, maintenance, repair and other after-sale services. Our fleet sale and maintenance streamlined daily routines of drivers and save their time and energy, enhancing their stickiness with us. As a result, more drivers are expected to find our fleet sale and maintenance appealing, fueling future growth of these services. In addition, by using our fleet sale and maintenance, drivers are able to improve their operational efficiency and optimize their cost and expense structures, which help us maintain a competitive service fleet which is the foundation for mobility service providers to bring riders premium traveling experiences. Moreover, as an indispensable part of our Robotaxi operation, our fleet sale and maintenance are designed to empower Robotaxi services with highly-streamlined and convenient daily maintenance, system troubleshooting, and inspection and repair of vehicles, thus helping our Robotaxi services achieve longer operating hours and higher operational efficiency. With further penetration of our Robotaxi services, we expect the fleet sale and maintenance will continue to expand in future.

As a result of the foregoing, our mobility services, technology services and fleet sale and maintenance interact closely with each other, generating synergistic effects and promoting the growth of our overall business.

Improving Gross Margin

Although we were still in the early stage of rapid development, we managed to narrow our gross loss margin during the Track Record Period. Notwithstanding the adverse impact of the pandemic, our gross loss margin improved from -10.7% in 2022 to -7% in 2023. Our gross margin improvement is primarily attributable to the following factors:

- **Prudent incentive strategy.** We recognize the service fees paid by riders using our ride-hailing services net of value added tax as our revenue of ride-hailing services. We provide incentives to such riders, which are recorded as a deduction of revenue. We have been putting effort into increasing our revenue by reducing such incentives per order, while expanding our rider base more organically and enhancing rider stickiness efficiently by providing high quality services and leveraging our high-quality user traffic. Meanwhile, we are increasingly prudent in offering incentives to riders after the initial development stage. Our incentives to customers per order decreased from RMB5.78 in 2021 to RMB5.62 in 2022, and further decreased to RMB5.28 in 2023. As such, we achieved robust revenue growth of our ride-hailing services during the Track Record Period and recorded an annual rider retention rate of 31.7%, 31.0% and 27.8% in 2021, 2022 and 2023, respectively, notwithstanding the decreasing incentives to customers per order during the same periods.
- **Optimizing cost structure.** Drivers' service fees form the major part of our cost of revenue. We attach great importance to recruiting qualified drivers while continually optimizing our cost structure. From a driver's standpoint, leveraging the high-quality user traffic on our own platform and our diverse third-party mobility service platform partners, together with our scientific and balanced algorithms and dispatch mechanism, we offer drivers the opportunities to secure abundant trip orders, allowing them to harvest stable incomes. Moreover, we have developed a data analytical system that shows the order density heat map to drivers and suggests drivers to stay close to the area with more orders, which will help drivers by reducing the travel time to pickup location and order waiting time and will increase our response rate. Our response rate was 81.5%, 84.8% and 88.9% in 2021, 2022 and 2023, respectively, which is higher than the industry average, according to Frost & Sullivan. In addition, our fleet sale and maintenance provide drivers a full suite of services at lower price, such as vehicle purchase, vehicle maintenance and repair services, helping them to manage and optimize their cost structure which means drivers can keep their vehicles in good condition and reduce downtime, which might otherwise lead to a loss of income. The comprehensive support and services offered by us build trust among drivers, and when they feel supported and valued, they are more likely to remain active on our platform, leading to more consistent earnings. As a result of the aforementioned reasons, we have been able to enhance driver stickiness and control the offering of incentives to drivers. The incentives per order to registered drivers providing ride-hailing services decreased from RMB2.87 in 2021 to RMB1.71 in 2022, and further decreased to RMB1.46 in 2023, which is

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lower than the industry average, according to Frost & Sullivan. According to Frost & Sullivan, with the similar competitive landscapes in the existing and target new cities, our better-than-industry-average response rate and incentives per order paid to registered drivers demonstrate our ability to attract and retain drivers at more competitive costs, both in existing cities we operate and target new cities we plan to operate.

In addition, we also help our cooperative car partners to improve their efficiency and enhance cost management to lower our management fees payable to them as a percentage of our total costs. For example, we developed our proprietary vehicle and driver management system and provided access to our car partners for free. We provided training to our car partners from time to time, assisting them to improve operating efficiency. Moreover, the vehicle sales and maintenance services offered under our fleet sale and maintenance helped our car partners reduce costs. As a result, in 2021, 2022 and 2023, the average management fee per order we paid to car partner was RMB0.84, RMB0.61 and RMB0.40, respectively.

- **Development of autonomous driving and Robotaxi technologies.** We believe our commitment to R&D activities of autonomous driving and Robotaxi operation service will lay the foundation for our long-term success by expanding business scale of technology services, promoting the commercialization of Robotaxi services and improving its gross margin in future. We will further enhance our technology capabilities to offer technology services and expand business scale thereof. In addition, the advancement of our autonomous driving and Robotaxi technologies will expedite the commercialization of our Robotaxi services with an improving gross margin benefiting from the optimization of cost of operation of unmanned vehicles.
- **Diversifying revenue mix.** We plan to leverage our industry resources and analytical capabilities to diversify our revenue sources, demonstrated by our efforts in growing our technology services and fleet sale and maintenance. During the Track Record Period, these services typically had higher gross margin compared to mobility services and we had achieved positive gross margin. During the Track Record Period, our mobility services contributed to the majority of our overall revenue, which accounted for 99.9%, 91.3% and 84.0% in 2021, 2022 and 2023, respectively. We expect our mobility services to continue contributing the majority to our overall revenue in the near future. Meanwhile, revenue from technology services and fleet sale and maintenance is expected to increase in absolute amount. We expect the increases in the revenue contribution of our technology and fleet sale and maintenance, together with their higher-than-average gross margins, will contribute to the improvement of our profitability, primarily because (i) the gross loss margin of our mobility services is expected to further narrow; (ii) we expect to secure more contracts for our technology services and achieve further increase the revenue therefrom, which was conducted on a project basis during the Track Record Period and maintained high gross profit margins at 11.9%, nil, and 17.6% in 2021,

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2022 and 2023, respectively. We expect the gross profit margin of technology services to gradually increase and reach an industry average level, which, according to Frost & Sullivan, is higher than ours as we are currently at the initial stage of offering such services; and (iii) we expect to achieve further growth in the revenue from our fleet sale and maintenance, which retained stable gross margin during the Track Record Period and would contribute to our efforts to turn around our loss-making position.

Enhancing Operation and Management Efficiency

During the Track Record Period, we incurred significant operating expenses, including selling and marketing expenses and general and administrative expenses, to enhance our rider loyalty and our brand recognition. In the near to medium term, we will continue to invest in market expansion, branding and marketing activities as well as new technology development. Along with the enhancement of our brand awareness and implementation of more advanced technologies, we expect our ability to manage operating expenses will continue to strengthen.

Our operating expenses primarily consisted of selling and marketing expenses during the Track Record Period. Leveraging our strong brand awareness and our geographical expansion strategy, we have established a strong network in new markets with synergistic potential to our foothold cities. Considerable synergies between the new markets and our foothold cities provided us a path to expand our business scale with optimal operating efficiency. Our selling and marketing expenses as a percentage of our total revenue decreased from 26.1% in 2021 to 16.9% in 2022, and to 10.1% in 2023. In future, we expect our selling and marketing expenses to increase in absolute amount and decrease as a percentage of our total revenue. We intend to manage the growth of selling and marketing expenses, ensuring such growth remains cost-effective. We plan to (i) enhance brand awareness among users via word-of-mouth recommendations from existing users and various interactive promotional activities; (ii) attract new users by further implementing our geographical expansion strategy and precision marketing, thereby reducing the user acquisition cost. Benefiting from our geographical expansion strategy, our acquisition cost per new active rider decreased by 16.1% from 2021 to 2023; and (iii) improve our promotional efficiency through multi-channel marketing and branding activities, combining online and offline channels. We intend to apply advanced AI technologies to launch appropriate promotion activities based on the specific journeys and personal needs of riders. Along with the industry development, we would dynamically adjust our overall marketing and promotional strategies to further optimize the return of investment of our marketing activities.

Our general and administrative expenses accounted for 9.9%, 7.8% and 7.2% of our revenue in 2021, 2022 and 2023, respectively. Our general and administrative expenses primarily comprise staff expenses. During the Track Record Period, we have witnessed an overall decreasing trend of our general and administrative expenses as a percentage of revenue. To maintain our general and administrative expenses at a low percentage of our total revenue, we plan to further enhance our management efficiency by (i) prudently monitoring the growth and necessity of our administrative team. In our effort to maintain an optimal scale of our

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administrative workforce, we will invest in comprehensive training and development programs to enhance the productivity of our existing personnel. Benefiting from these initiatives, we will establish an administrative team that is able to support our business expansion and reduce the need for further recruitment; (ii) streamline our corporate structure to further enhance our central management. We will review our current organizational structure, reduce duplication of efforts and improve efficiency. We will also foster a culture of open communication and collaboration to ensure decisions are made quickly and effectively; and (iii) refine our operations across our departments through more digitalized and intelligized systems. These systems will automate routine tasks, reduce manual errors and enhance productivity. We will also leverage data analytics to identify areas of inefficiency and implement targeted measures to address them.

Improving Net Current Liabilities Position

We recorded net current liabilities of RMB1,553.5 million as of December 31, 2023, primarily due to (i) an increase of RMB913.3 million in convertible redeemable preferred shares, and (ii) an increase of RMB162.1 million in other financial liabilities issued to investors, partially offset by (i) an increase of RMB59.2 million in cash and cash equivalents, and (ii) a decrease of RMB271.4 million in accruals and other payables. See “Financial Information – Discussion of Certain Key Balance Sheet Items – Net Current Liabilities”. As of the Latest Practicable Date, all other financial liabilities issued to investors with respect to Series B warrants have been converted into convertible redeemable preferred shares upon exercise of Series B warrants. We expected that the continual fluctuations in the carrying amount of our convertible redeemable preferred shares will affect our financial position until the Listing Date. All the convertible redeemable preferred shares will be re-classified from financial liabilities to equity as a result of the automatic conversion into our Shares upon the Listing such that the net liability position would turn into a net asset position. In addition, we intend to further improve our net current liabilities position through various measures for example:

- We plan to improve our operating cash flows and reduce the net cash used in our operating activities. Specifically, we expect to solidify our working capital and cash position as we implement the strategies and measures to turn around from loss to profit making in future. Furthermore, we plan to maintain stable relationships with banks to leverage financial instruments such as bank acceptance bills;
- We expect to enhance our bargaining power over our suppliers as we scale up our business, and we plan to negotiate better credit terms with our suppliers for extended payment cycles. For example, we plan to leverage our relationship with GAIG and strive for more favorable credit terms and payment terms in relation to vehicles procurement for our fleet sale and maintenance. In addition, we expect to negotiate with suppliers of selling and marketing services for credit terms and commercial terms more favorable to us;

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- We expect to continue procuring vehicles based on the orders received and optimize inventory levels. In addition, we receive payments from our customers in advance of vehicle deliveries, which also improve our cash position; and
- We plan to continue implementing effective credit evaluation system and stringent measures to enhance our trade receivables management and maintain the robust collection of trade receivables. During the Track Record Period, our trade receivables turnover days remained stable at three days in 2021, 2022 and 2023.

Based on the foregoing, our Directors believe that our business is sustainable. Taking into account the financial resources available to us, including cash and liquidity assets and the estimated net proceeds from the Global Offering, our Directors are of the view, and the Joint Sponsors concur, that we possess sufficient working capital for our present requirements, that is for at least 12 months from the date of this prospectus.

INTELLECTUAL PROPERTY

We regard our proprietary domain names, copyrights, trademarks, trade secrets and other intellectual property as being critical to our business operations and fundamental to our success and competitiveness, and we devote significant time and resources to their development and protection. We rely on a combination of patents, copyrights, trademarks, trade secret laws and restrictions on disclosure to protect our intellectual property. As of the Latest Practicable Date, we had 59 registered patents, 495 registered trademarks, 22 registered software copyrights, two registered copyrights and three registered domain names. As of the same date, we had registered patents for all our core technologies.

For detailed information about our material intellectual property, see “Appendix IV – Statutory and General Information – Further Information about Our Business – Intellectual Property Rights.”

We implement a set of policies to protect our intellectual property, in addition to making trademark and patent registration applications. Our employees are generally required to enter into a standard employment contract that includes a confidentiality clause, and a clause acknowledging that all inventions, trade secrets, developments and other processes generated by them during their employment with us are our property, and assigning to us any ownership rights that they may claim in those works. We actively monitor and pursue claims against any infringement of our intellectual property. In addition, we have implemented screening procedures during the recruitment process, which help us prevent potential disputes arising from hiring former employees of competitors.

Our audit and legal department oversees the matters related to intellectual property protection, including, among others: (i) formulation and enforcement of internal policies; (ii) training; (iii) application, renewal, in- and out-licensing and transfer of intellectual properties; (iv) pursuing infringement claims and managing dispute resolution processes; and (v) regulatory communications. We also task our R&D and marketing departments with their own duties to protect R&D properties and trademarks.

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During the Track Record Period and up to the Latest Practicable Date, we had not been subject to any material dispute or claims for infringement upon third parties' trademarks, licenses and other intellectual property rights in China.

EMPLOYEES

As of December 31, 2023, we had 475 full-time employees, the majority of whom are based in Guangzhou, Guangdong province, China. The following table sets forth the number of our employees by function as of December 31, 2023:

Employee Function	Number of Employees	% of Total
Sales and Marketing	202	42.5
Product and R&D	210	44.2
Administration*	63	13.3
Total	475	100

Note:

* Certain R&D personnel who also assume administrative or managerial roles are categorized here as administration function.

Our success depends on our ability to attract, retain and motivate qualified personnel. We recruit our employees through a combination of campus and lateral hiring. We offer employees competitive salaries, performance-based cash bonuses and benefit packages. We adhere to a long-term growth strategy, and constantly invest in training and team building to help our employees to grow with us. As a result, we have a strong track record in attracting and retaining our core employees. See “— Social Responsibility and Environmental Protection – Employee Care.”

Our employees have formed an employee union. We maintain a sound relationship with our employees and are committed to creating a fair workplace environment that is conducive to individual growth. We prohibit any form of discrimination based on race, gender, religion, age, social origin or other qualities.

As required under PRC laws and regulations, we participate in various employee social security plans that are organized by applicable local municipal and provincial governments, including housing fund, pension, medical, work-related injury, maternity and unemployment benefit plans, under which we make contributions at specific percentages of the salaries of our employees. During the Track Record Period, Qichen Technology and Chenqi Mobility have fully paid social insurance premium and housing provident funds for all of its employees on its own or through third-party human resource agencies to the relevant local authorities. Our PRC Legal Advisor is of the view that: (1) the likelihood of us being subject to administrative penalties by the relevant authorities or compensation claims by the relevant employees for

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paying social insurance premium and housing provident funds for our employees through third-party human resource agencies to the relevant local authorities is relatively low; (2) it has not noted any records of our Group being punished for any violation of the laws of the PRC on social insurance or housing provident fund. We enter into employment contracts and agreements regarding confidentiality, intellectual property and non-competition with our executive officers, managers and employees. These contracts typically include a confidentiality provision effective during and after their employment with us.

We had 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.

INSURANCE

We believe we have adequate coverage for our employees through putting in place all the mandatory insurance policies required by PRC laws and regulations, and in accordance with the commercial practices in our industry.

We provide our employees with supplementary commercial medical and life insurance. Benefits of certain insurance policies are also extended to employees' children.

Besides insurances for our employees, we also maintain various types of insurance in relation to our services, including, among others, (i) supplemental accident insurance for our enterprise customers, as well as riders and drivers of our hitch service; (ii) carrier liability insurance which covers losses to both drivers and riders, as mandated by the regulations of national and the local transportation departments for ride-hailing service providers; and (iii) compulsory traffic accident liability insurance, supplemental commercial accident insurance and carrier liability insurance for Robotaxis. We had not purchased carrier liability insurance that fully cover all ride-hailing service vehicles and relevant riders during a historical period, mainly because (i) we have entered into agreements to require our car partners to purchase carrier liability insurance; and (ii) losses incurred by safety incidents in connection with our platform operation are primarily covered by the compulsory traffic accident liability insurance and supplemental commercial accident insurance maintained by the car partners and drivers. As of the Latest Practicable Date, we have rectified such issue by cooperating with two licensed insurance companies to provide adequate carrier liability insurance in full for all of our ride-hailing service vehicles and relevant riders.

As required by laws and regulations, we require the owners of operating vehicles (the drivers or their car partners, as the case may be) to maintain the mandatory traffic accident insurance and third-party liability insurance. Specifically, (i) in our agreements with car partners, we require them to maintain the mandatory traffic accident insurance and third-party liability insurance for all of their own operating vehicles; and (ii) we verify the insurance coverage of each operating vehicle prior to activating it for service to ensure that it is covered by the mandatory traffic accident insurance and third-party liability insurance. According to

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Frost & Sullivan, our insurance policies: (i) cover various kinds of losses and fees arising from car accidents, including death, disability, medical expenses and lost wages, which is in line with the general market practice in China; and (ii) are sufficient and comparable to the general market practice.

During the Track Record Period, we were not subject to any claim or dispute not covered by insurance because all claims made in relation to the accidents happened during services facilitated by our platforms were fully covered by the aforementioned compulsory traffic accident liability insurance, the third-party liability insurance or commercial accident insurance maintained by our drivers or the other party involved in the accident, as applicable, depending on the liability assessment. The carrier insurance we maintained for our platform are of a secondary nature and are only subject to claims when the aforementioned drivers' insurance policies do not sufficiently cover the claim. In each of 2021, 2022 and 2023, we were subject to two carrier liability claims, all of which were fully covered by the carrier liability insurance maintained by us.

In line with general market practice, we do not maintain any business interruption insurance or product liability insurance, which is not mandatory under PRC laws. We do not maintain keyman insurance, or insurance policies covering damages to our network infrastructures or information technology systems, nor any insurance policies for our properties. We also do not maintain insurance policies against risks relating to contractual arrangements. During the Track Record Period, we did not make any material insurance claims in relation to our business. See "Risk Factors – Risks Relating to Our Business and Industry – Our insurance coverage may not sufficiently cover the risks related to our business." As advised by our PRC legal advisor, as of the Latest Practicable Date, we were in compliance with applicable PRC laws and regulations on insurance for providing ride-hailing services in all material respects.

PROPERTIES

Our corporate headquarters is located at Guangzhou, Guangdong province, China. As of the Latest Practicable Date, we did not own any property and we were leasing 67 properties in the PRC, with an aggregate gross floor area of 22,247.24 m². Our leased properties are primarily used as office space.

Inconsistent Usage

As of the Latest Practicable Date, the actual usage of 20 leased properties with an aggregate gross floor area of 8,136.7 m², namely our offices and customer service center, was inconsistent with the planned usage set out in such title certificates or relevant authorization documents. This was primarily because the relevant lessors failed to obtain or provide the relevant title certificates with consistent usage, and we strictly follow the usage stipulated under the lease agreements. We chose such premises because their convenient locations in order to improve our management and operation efficiency. With respect to these properties, our PRC Legal Advisor is of the view that we may not be able to lease, occupy and use such

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leased properties if the local authorities resume the land use right. Our Directors are of the view that the defects of these leased properties would not materially and adversely affect our business operations, considering that: (i) as the abovementioned leased premises are mainly used for offices and customer service center, we would be able to find comparable properties as alternatives at commercially acceptable terms to us, and such relocation will not materially and adversely affect our financial condition or our results of operations; (ii) it is the landlords' responsibilities to comply with the planned usage specified in the title certificates of the properties, and as a tenant, we will not be subject to any administrative punishment or penalties in this regard; and (iii) for the rest of the relevant leased properties, the lessors have undertaken to indemnify us for the loss where we have to cease the use of these leased properties due to inconsistent usage. We will maintain regular communication with the local authorities, and are prepared to relocate to alternative premises upon the expiration of the lease term and in compliance with the administrative requirements. If we are required to relocate these leased properties with inconsistent usage, considering they are mainly used for offices and customer service center, based on our internal estimates and taking into account the market rent level and renovation expenses, we estimate that the relocation costs will not be material. We believe the expenses of relocation will not materially and adversely affect our financial condition or our results of operations.

Title Defects

As of the Latest Practicable Date, 21 of our leased properties with an aggregate gross floor area of 11,877.42 m², used for our offices, customer service center, vehicle maintenance and storage premise, vehicle exhibition hall, parking lot and charging station, had title defects as certain lessors failed to provide property ownership certificates or other relevant certificates regarding their legal right to lease such properties. This was primarily because such lessors (i) failed to obtain the relevant title certificates; or (ii) refused to provide us with the relevant property ownership certificates or other relevant certificates regarding their legal right to lease such properties. As a result, the leases may not be valid and there are risks that we may not be able to continue to use such properties, according to our PRC Legal Advisor. As we have acquired relevant authorization documents evidencing the lessor's rights to lease the property to us, the defect would not materially and adversely affect our business operations. As of the date of this prospectus, we are not aware of any challenges being made by a third party or government authority to the titles of any of these leased properties that might affect our current occupation.

According to relevant laws and regulations and as confirmed by our PRC legal advisor, there are no rules or regulations requiring the lessee to obtain the ownership certificate or imposing regulatory punishment on the lessee for not doing so. Accordingly, our PRC legal advisor is of the view that we are not subject to any material administrative penalty for any of the title defects in the leased properties.

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Moreover, according to relevant PRC laws and regulations and the lease agreements, the lessee may have the right to claim compensation if the lease agreement is invalid due to the lessor's fault. If our ability to continue leasing such properties is affected by a third-party objection, we may seek indemnity from the lessor in accordance with relevant PRC laws and regulations and the lease agreements.

We believe there is a sufficient reservoir of comparable alternative properties in proximity, and therefore do not expect to incur significant time and cost for identifying alternatives and relocating our operations in the unlikely event that we were required to do so. If we are required to relocate these leased properties with title defects, based on our internal estimates and taking into account the market rent level and renovation expenses, we estimate that the relocation costs will not be material. We believe the expenses of relocation will not materially and adversely affect our financial condition or our results of operations.

Non-registration

As of the Latest Practicable Date, 62 lease agreements of our leased properties with an aggregate gross floor area of 21,057.49 m², used for our offices, vehicle maintenance and storage premise, vehicle exhibition hall, parking lot and charging station, had not been registered and filed with relevant land and real estate management departments in China, primarily due to reasons beyond the Company's control that the relevant lessors failed to perform necessary procedures for lease registration or failed to provide sufficient documents for the lease registrations, such as property ownership certificates or other relevant certificates regarding their legal right to lease the properties to the Company. Under the relevant PRC laws and regulations, the parties to a lease agreement have the obligation to register and file the executed lease agreement. As advised by our PRC legal advisor, the validity and enforceability of the lease agreements are not affected by the failure to register or file the lease agreements with the relevant government authorities. According to the relevant PRC regulations, we may be ordered by the relevant government authorities to register the relevant lease agreements within a prescribed period, failing which we may be subject to a fine ranging from RMB1,000 to RMB10,000 for each unregistered lease and the aggregate maximum potential penalty for the non-registration of the foregoing 62 leased properties would be RMB620,000 as of the Latest Practicable Date. As of the date of this prospectus, we have not received any order from the relevant government authorities requiring us to register these lease agreements. We undertake to cooperate fully to facilitate the registration of lease agreements once we are notified of any requirements by the relevant government authorities.

As of December 31, 2023, none of the properties leased or owned 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 prospectus 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.

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See “Risk Factors – Risks Relating to Our Business and Industry – Our legal right to some leased properties may be challenged.”

Preventive and Remedial Measures

To prevent any recurrence of similar incidents in the future, we have established and implemented both preventive and remedial measures to ensure our compliance with regulations in relation to properties:

- We plan to provide regular training on applicable legal and regulatory requirements in relation to the use of real properties to our senior management. We will also remain in close communication with the local authorities and external legal counsel to understand the latest development of the relevant laws and regulations;
- During the property selection process, we will assess the compliance status of the new properties before we enter into any new leases;
- We are prepared to relocate to alternative premises upon the expiration of the lease term and in compliance with the administrative requirements;
- We plan to maintain regular communication with the lessors regarding their progress of remedying the defects, including among others, procuring the lessors, to the extent practicable, to provide, collect and obtain the ownership certificate from the owners of the lease properties;
- We have submitted the application documents for lease registration where those documents are complete;
- We will continue to seek cooperation from the landlords of the leased properties to register executed lease agreements with the relevant PRC governmental authorities; and
- We have created a checklist of our leased properties with detailed information, including the status of the lease registration of each premise, to continue to liaise with the landlords with the aim of pursuing registration of our leased properties.

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LICENSES, APPROVALS AND PERMITS

During the Track Record Period and up to the Latest Practicable Date, as advised by our PRC Legal Advisor, we had obtained all material requisite licenses and permits required for our business operations in the PRC, and such business licenses had remained in full effect. The following table sets forth the details of our material licenses and permits:

License/Permit	Issuing Authority	Initial Grant Date	Expiration Date
Results of Online Ride-hailing Operator's Application For Online Service Qualification (Service Area: Guangzhou) (申請從事網約車經營具備線上服務能力的認定結果(服務區域:廣州))	Department of Transport of Guangdong Province (廣東省交通運輸廳)	June 4, 2019	N/A
Permit for Online Ride-Hailing Service (網絡預約出租汽車經營許可證)	Guangzhou Municipal Transportation Bureau (廣州市交通運輸局)	June 20, 2019	June 18, 2029
Results of Online Ride-hailing Operator's Application For Online Service Qualification (Service Area: China) (申請從事網約車經營具備線上服務能力的認定結果(服務區域:全國))	Department of Transport of Guangdong Province (廣東省交通運輸廳)	September 23, 2019	N/A
Permit for Online Ride-Hailing Service (網絡預約出租汽車經營許可證)	Maoming Municipal Transportation Bureau (茂名市交通運輸局)	July 9, 2020	July 9, 2028
Permit for Online Ride-Hailing Service (網絡預約出租汽車經營許可證)	Foshan Municipal Transportation Bureau (佛山市交通運輸局)	July 27, 2020	July 26, 2025
Permit for Online Ride-Hailing Service (網絡預約出租汽車經營許可證)	Zhuhai Municipal Transportation Bureau (珠海市交通運輸局)	September 30, 2020	September 29, 2024

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License/Permit	Issuing Authority	Initial Grant Date	Expiration Date
Permit for Online Ride-Hailing Service (網絡預約出租汽車經營許可證)	Shenzhen Municipal Transportation Bureau (深圳市交通運輸局)	April 6, 2021	April 5, 2026
Permit for Online Ride-Hailing Service (網絡預約出租汽車經營許可證)	Dongguan Municipal Transportation Bureau (東莞市交通運輸局)	May 28, 2021	May 27, 2026
Permit for Online Ride-Hailing Service (網絡預約出租汽車經營許可證)	Changsha Municipal Transportation Bureau (長沙市交通運輸局)	October 22, 2021	October 21, 2026
Permit for Online Ride-Hailing Service (網絡預約出租汽車經營許可證)	Zhongshan Municipal Transportation Bureau (中山市交通運輸局)	November 24, 2021	November 24, 2027
Permit for Online Ride-Hailing Service (網絡預約出租汽車經營許可證)	Zhaoqing Municipal Transportation Bureau (肇慶市交通運輸局)	January 25, 2022	January 25, 2028
Permit for Online Ride-Hailing Service (網絡預約出租汽車經營許可證)	Jiangmen Municipal Transportation Bureau (江門市交通運輸局)	July 11, 2022	July 11, 2026
Permit for Online Ride-Hailing Service (網絡預約出租汽車經營許可證)	Huizhou Municipal Transportation Bureau (惠州市交通運輸局)	August 18, 2022	August 18, 2026
Value-added Telecommunications Business Operating License for Internet Information Services (增值電信業務經營許可證—信息服務業務)	Guangdong Province Communications Administration (廣東省通信管理局)	December 26, 2022	December 26, 2027
Permit for Online Ride-Hailing Service (網絡預約出租汽車經營許可證)	Xiamen Municipal Transportation Bureau (廈門市交通運輸局)	September 5, 2023	March 7, 2027

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License/Permit	Issuing Authority	Initial Grant Date	Expiration Date
Permit for Online Ride-Hailing Service (網絡預約出租汽車經營許可證)	Qingdao Administrative Examination and Approval Service Bureau (青島市行政審批服務局)	March 22, 2023	March 21, 2031
Class B Surveying and Mapping Qualification Certificate (乙級測繪資質證書)	Department of Natural Resources of Guangdong Province (廣東省自然資源廳)	April 20, 2023	April 19, 2028
Permit for Online Ride-Hailing Service (網絡預約出租汽車經營許可證)	Chongqing Municipal Transportation Bureau (重慶市交通局)	May 22, 2023	May 22, 2027
Intelligent Connected Vehicle Demonstrative Operation Qualification in Nansha District, Guangzhou (廣州市南沙區智能網聯汽車示範運營資格通知書)	Guangzhou Nansha District Transportation Bureau (廣州市南沙區交通運輸局)	April 26, 2023	March 19, 2026
Intelligent Connected Vehicle Road Testing Qualification in Guangzhou (廣州市智能網聯汽車道路測試通知書)	Management Office for the Road Testing of the Intelligent Connected Vehicles in Guangzhou (廣州市智能網聯汽車道路測試管理辦公室)	June 1, 2023	May 26, 2025
Permit for Online Ride-Hailing Service (網絡預約出租汽車經營許可證)	Urumqi Municipal Transportation Bureau (烏魯木齊市交通運輸局)	July 6, 2023	July 5, 2027
Permit for Online Ride-Hailing Service (網絡預約出租汽車經營許可證)	Chengdu Wuhou Housing Construction and Transportation Bureau (成都市武侯區住房建設和交通運輸局)	July 31, 2023	July 31, 2028

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License/Permit	Issuing Authority	Initial Grant Date	Expiration Date
Self-Declaration for Safety of the Intelligent Connected Vehicle Road Testing certified by the Joint Working Group of Shenzhen Municipality for Road Testing and Demonstrative Employment of Intelligent Connected Vehicles (經深圳市智能網聯汽車道路測試與示範應用聯席工作小組確認的智能網聯汽車道路測試安全性自我聲明)	Joint Working Group of Shenzhen Municipality for Road Testing and Demonstrative Employment of Intelligent Connected Vehicles (深圳市智能網聯汽車道路測試與示範應用聯席工作小組)	November 15, 2023	November 14, 2024
Self-Declaration for Safety of the Intelligent Connected Vehicle Demonstrative Employment certified by the Joint Working Group of Shenzhen Municipality for Road Testing and Demonstrative Employment of Intelligent Connected Vehicles (經深圳市智能網聯汽車道路測試與示範應用聯席工作小組確認的智能網聯汽車示範應用安全性自我聲明)	Joint Working Group of Shenzhen Municipality for Road Testing and Demonstrative Employment of Intelligent Connected Vehicles (深圳市智能網聯汽車道路測試與示範應用聯席工作小組)	January 10, 2024	January 9, 2025
Permit for Online Ride-Hailing Service (網絡預約出租汽車經營許可證)	Chaozhou Municipal Transportation Bureau (潮州市交通運輸局)	January 25, 2024	January 24, 2028

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License/Permit	Issuing Authority	Initial Grant Date	Expiration Date
Permit for Online Ride-Hailing Service (網絡預約出租汽車經營許可證)	Fuzhou Municipal Transportation Bureau (福州市交通運輸局)	January 29, 2024	January 28, 2029
Permit for Online Ride-Hailing Service (網絡預約出租汽車經營許可證)	Shantou Municipal Transportation Bureau (汕頭市交通運輸局)	February 7, 2024	February 6, 2028
Permit for Online Ride-Hailing Service (網絡預約出租汽車經營許可證)	Guilin Administrative Examination and Approval Bureau (桂林市行政審批局)	February 27, 2024	February 26, 2028
Intelligent Connected Vehicle Commercialized Pilot Operation License in Bao'an District, Shenzhen (深圳市寶安區智能網聯汽車商業化試點通知書)	Joint Working Group of Bao'an District, Shenzhen for Intelligent Connected Vehicles (深圳市寶安區智能網聯汽車聯席工作小組)	March 1, 2024	August 31, 2025
Permit for Online Ride-Hailing Service (網絡預約出租汽車經營許可證)	Yantai Economic and Technological Development Zone Construction and Transportation Bureau (煙臺經濟技術開發區建設交通局)	March 15, 2024	September 11, 2024
Permit for Online Ride-Hailing Service (網絡預約出租汽車經營許可證)	Wuxi Municipal Transportation Bureau (無錫市交通運輸局)	March 29, 2024	March 28, 2029
Permit for Online Ride-Hailing Service (網絡預約出租汽車經營許可證)	Bole Municipal Transportation Bureau (博樂市交通運輸局)	April 22, 2024	April 21, 2032
Permit for Online Ride-Hailing Service (網絡預約出租汽車經營許可證)	Putian Municipal Transportation Bureau (莆田市交通運輸局)	June 11, 2024	June 10, 2028

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License/Permit	Issuing Authority	Initial Grant Date	Expiration Date
Permit for Online Ride-Hailing Service (網絡預約出租汽車經營許可證)	Weihai Administrative Examination and Approval Service Bureau (威海市行政審批服務局)	June 12, 2024	June 11, 2029
Permit for Online Ride-Hailing Service (網絡預約出租汽車經營許可證)	Shimian Administrative Examination and Approval Bureau (石棉縣行政審批局)	June 14, 2024	June 13, 2028

Permits and Licenses Related to our Robotaxi Activities

Since October 2022, we have started the road testing activities of self-driving function with our own Robotaxi vehicles in Guangzhou, for which we have initially obtained the Intelligent Connected Vehicle Road Testing Qualification in Guangzhou (廣州市智能網聯汽車道路測試通知書) (the “**Qualification**”) issued on October 17, 2022 (which was subsequently updated on November 9, 2022, December 5, 2022, June 1, 2023, and May 27, 2024 respectively), allowing us to carry out road testing activities on certain testing road sections, which shall be any first, second and/or third level of ordinary road as designated by Guangzhou Intelligent Connected Vehicle Pilot Zone Operations Center (廣州市智能網聯汽車示範區運營中心) or by any autonomous driving pilot zone. The four subsequent updates were because (i) on October 17, 2022, we initially obtained the Qualification for our road testing activities on the first level of ordinary road, (ii) on November 9, 2022, due to the expansion of the road test area, we updated the Qualification in respect with the approval to our additional road testing activities on the second level of ordinary road; (iii) on December 5, 2022, due to the further expansion of the road test area, we updated the Qualification in respect with the approval to our additional road testing activities on the third level of ordinary road; and (iv) we then renewed the Qualification on June 1, 2023, and May 27, 2024, respectively, due to the expiration of each specified road testing validity period, which is in compliance with the relevant laws and regulations as advised by our PRC Legal Advisor.

Since April 2023, we have started the demonstrative operation activities with our Robotaxi fleet in Nansha District, Guangzhou, for which we have obtained the Intelligent Connected Vehicle Demonstrative Operation Qualification in Nansha District, Guangzhou (廣州市南沙區智能網聯汽車示範運營資格通知書) issued on April 26, 2023, which permits us to carry out road passenger transport activities by ride-hailing within road sections open to testing for intelligent connected vehicles in Nansha District, Guangzhou (excluding high-speed roads).

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On November 15, 2023, the Joint Working Group of Shenzhen Municipality for Road Testing and Demonstrative Employment of Intelligent Connected Vehicles (深圳市智能網聯汽車道路測試與示範應用聯席工作小組) has certified our Self-Declaration for Safety of the Intelligent Connected Vehicle Road Testing (智能網聯汽車道路測試安全性自我聲明), which means that we have been permitted to, and have actually expanded our road testing activities of intelligent connected vehicles in Shenzhen (within Qianhai Area, Nanshan Yuehai Area, Bao'an Airport Area, Shenzhen Bay and Shenzhen Bay Port) since November 15, 2023.

Since April 2023, we have engaged in on-ground mobile surveying activities, and have obtained the Class B Surveying and Mapping Qualification Certificate (乙級測繪資質證書) (mapping qualifications for geographic information system engineering and internet map services) on April 20, 2023.

On January 10, 2024, the Joint Working Group of Shenzhen Municipality for Road Testing and Demonstrative Employment of Intelligent Connected Vehicles (深圳市智能網聯汽車道路測試與示範應用聯席工作小組) certified our Self-Declaration for Safety of the Intelligent Connected Vehicle Demonstrative Employment (智能網聯汽車示範應用安全性自我聲明), which permits us to conduct rider-carrying Robotaxi demonstrative employment activities in Shenzhen (within Qianhai Area, Nanshan Yuehai Area, Bao'an Airport Area, Shenzhen Bay and Shenzhen Bay Port). Within the same month, we obtained the Intelligent Connected Vehicle Commercialized Pilot Operation License in Bao'an District, Shenzhen (深圳市寶安區智能網聯汽車商業化試點資質), which allows us to offer commercialized Robotaxi services within this district.

During the Track Record Period, we did not conduct any other activities that required any further licenses or permits in connection with the Robotaxi services currently conducted by us, except for the road testing, the demonstrative employment, the surveying and mapping and the commercialized pilot activities for which we have already obtained the relevant certificates or permits before our commencement of these activities. Based on the foregoing, our PRC Legal Advisor is of the view that during the Track Record Period and up to the Latest Practicable Date, we obtained requisite certificates and permits for the road testing, the demonstrative employment, the surveying and mapping activities and the commercialized pilot in connection with our Robotaxi services in compliance with the Road Testing and Demonstrative Employment Norms and other relevant laws and regulations in the PRC, and we are not required to obtain any further licenses or permits requisite for our Robotaxi services currently conducted in the PRC.

REGULATORY LANDSCAPE AND INDUSTRY DEVELOPMENT

Regulatory Landscape

Cybersecurity, Information Security, Privacy and Data Security

Since 2021, the maintenance of cybersecurity, information security, and protection of important data and personal information (including privacy) have been subject to increased regulation by the PRC competent authorities. Various laws and regulations have been promulgated to supervise privacy and data security, especially on the proper collection, utilization, and storage of the data, including the Civil Code for the PRC (《中華人民共和國民法典》), the Data Security Law of the PRC (《中華人民共和國數據安全法》) and the Personal Information Protection Law of the PRC (《中華人民共和國個人信息保護法》), which took effect in January 2021, September 2021 and November 2021 respectively. The legal system and supervision system of cybersecurity and data compliance in the PRC are in the process of continuous improvement and renewal.

Specifically, on the one hand, the CAC, along with several other competent authorities, published the Revised Cybersecurity Review Measures (《網絡安全審查辦法》) (the “**Revised Measures**”) on January 4, 2022, which came into effect on February 15, 2022. The Revised Measures clearly require that the purchase of network products and services by critical information infrastructure operators (關鍵信息基礎設施運營者) (“**CIIOs**”) or the data processing activities carried out by network platform operators shall be subject to cybersecurity review if such purchase or data processing activities affect or may affect the national security. In particular, if a network platform operator possessing the personal information of more than one million users intends to be listed abroad, it must file an application for cybersecurity review with the Cybersecurity Review Office. On the other hand, the Regulations on the Security Protection of Critical Information Infrastructure (Decree No. 745 of the State Council) (《關鍵信息基礎設施安全保護條例》) came into effect on September 1, 2021. Pursuant to the Regulations, the CII protection authority shall identify the CII of the industry or field concerned, notify the CIIOs of the identification results. As of the Latest Practicable Date, we have not been notified or identified as a CIIO by any domestic authority responsible for critical information infrastructure (“**CII**”) security protection. In addition, we intend to apply for being listed in Hong Kong, China. Our PRC Data Compliance Legal Advisor is of the view that we are not required to initiate a submission for cybersecurity review in connection with the Listing under the Revised Measures.

In addition, on November 14, 2021, the CAC publicly solicited opinions on the Regulations on the Administration of Cyber Data Security (Draft for Comments) (《網絡數據安全管理條例(徵求意見稿)》) (the “**Draft Cyber Data Security Regulations**”), which requires data processors to comply with certain requirements during their daily operation and further stipulates that data processors must apply for cybersecurity reviews in certain situations including any data processor intending to be listed in Hong Kong that affects or may affect national security. However, the Draft Cyber Data Security Regulations does not specify what constitutes “affects or may affect national security.” As of the Latest Practicable Date, the Draft

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Cyber Data Security Regulations has not been formally adopted. To further confirm whether we are required to perform the obligation of taking the initiative to for cybersecurity review, we, our PRC Legal Advisor and our PRC Data Compliance Legal Advisor together with the PRC Legal Advisor to the Joint Sponsors made a real-name telephone inquiry to the China Cybersecurity Review Technology and Certification Center (the “CCRC”) on July 18, 2023. According to the communications and inquiry between us and the CCRC, the CCRC did not raise any objection to our proposed listing in Hong Kong, nor did the CCRC give any specific instructions requiring, directly or indirectly, us to apply for cybersecurity review for the proposed listing.

The Measures for Security Assessment of Cross-border Data Transfer (《數據出境安全評估辦法》) (the “**Security Assessment Measures**”) were announced by the CAC on May 19, 2022 and went into effect on September 1, 2022. According to the Security Assessment Measures, a data processor is obligated to apply for a security assessment of its cross-border data transfer if (a) it provides important data to overseas recipients; (b) it is a CIIO, or it processes the personal information of more than one million individuals; (c) it has cumulatively exported the personal information of more than 100,000 individuals or the sensitive personal information of more than 10,000 individuals since January 1 of the previous year; or (d) it is under other circumstances where a security assessment is required by the CAC. Our daily business operations had not involved any transfer of important data or personal information to any overseas recipients during the Track Record Period and up to the Latest Practicable Date. Therefore, we are not obligated to apply for the security assessment of cross-border data transfer.

The Several Provisions on the Management of Automobile Data Security (for Trial Implementation) (《汽車數據安全管理若干規定(試行)》) (the “**Provisions**”) promulgated by the CAC and other relevant authorities on July 5, 2021 and effective as of October 1, 2021 make provisions for automobile data processing activities carried out in China and the regulation of security of such activities. The Provisions provide rules for identification of the important data in the automobile industry, and define the video and image data outside vehicles containing the information of faces and license plates, and the personal information of over 100,000 individuals, among others, as “important data”. The Provisions also additionally require automobile data processors to report, prior to December 15 of each year, their annual automobile data security management practices to the cyberspace administration of the province, autonomous region or municipality directly under the Central Government where they are located and the relevant authorities. We, in accordance with the aforesaid requirements, have further strengthened its protection measures for important data, including adopting technical means such as encryption, de-identification or anonymization, and management measures such as access control. In addition, upon the effectiveness of the Provisions, we, in accordance with relevant requirements, submitted the Report on Automobile Data Security Management to the local cyberspace administration in December 2021 and December 2022 respectively. We will continuously strengthen data security and protection pursuant to the Provisions and updated regulations and policies in the field of automobile data security and will ensure the effort to do so by investing certain capital, technologies and human resources.

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As for the regulations on personal information protection and Apps supervision, the CAC, the Ministry of Industry and Information Technology (the “MIIT”) and other relevant competent authorities have strengthened the compliance regulation over the collection and use of personal information by Apps through a series of regulations, law enforcement rules and other normative documents. In 2019, the CAC and three other authorities issued the Method for Identifying the Illegal Collection and Use of Personal Information by Applications (《App違法違規收集使用個人信息行為認定方法》) and conducted joint law enforcement. In March 2021, the four authorities jointly issued the Regulations on the Scope of Personal Information Necessary for Common Types of Mobile Internet Applications (《常見類型移動互聯網應用程序必要個人信息範圍規定》), providing for the scope of personal information necessary for 39 common types of Apps. In particular, the Regulations provide that the personal information necessary for the online ride-hailing Apps whose basic functions and services are “online reservation for taxi services and cruise taxi call services”, includes mobile phone numbers of registered users, places of departure and arrival, location information, movements and whereabouts of passengers, as well as such payment information as payment time, amount and channels. This provides a normative basis for us to define the categories and scope of necessary personal information. In November 2021, the MIIT issued the Circular about Carrying out the Program of Improving Awareness for Information and Communication Services (《工業和信息化部關於開展信息服務感知提升行動的通知》), requiring the establishment of a “double list” for personal information protection to improve the transparency of the personal information processing by Apps. In February 2023, the MIIT issued the Circular on Further Enhancing the Service Capabilities of Mobile Internet Applications (《工業和信息化部關於進一步提升移動互聯網應用服務能力的通知》), calling for strengthening the personal information protection, clarifying the personal information processing rules, reasonably applying for access, and strengthening the management of the use of software development kits (SDKs), among others.

During the Track Record Period and up to the Latest Practicable Date, our PRC Data Compliance Legal Advisor is of the view that we have taken necessary organizational management and technical measures, fulfilled our main legal obligations under the data security and personal information protection-related regulations, and will continue to adopt relevant improvement measures to constantly ensure the state of effective protection and lawful utilization of data and personal information by us. We have not been subject to material adverse effects due to the newly enacted cybersecurity and data compliance laws and regulations mentioned above. Nevertheless, the constantly updated and stricter cybersecurity and data security laws and regulatory requirements may increase our compliance costs, change our pre-judgments on compliance obligations, and subject us to certain restrictions or even regulatory penalties. See “Risk Factors – Risks Relating to Our Business and Industry – Our business involves collection, storage, processing and transmission of a large amount of data and may be subject to complex and evolving regulations and oversight related to cybersecurity, information security, privacy and data security.”

As of the Latest Practicable Date, our Directors and our PRC Data Compliance Legal Advisor are of the view that the PRC laws and regulations in relation to cybersecurity, information security, and data privacy and security will not have material adverse impact on our business operations and the proposed Listing, given that we have taken necessary

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organizational management and technical measures, and have fulfilled our main legal obligations under the data security and personal information protection-related regulations, and will continue to adopt relevant improvement measures to constantly ensure the state of effective protection and lawful utilization of data and personal information by us.

As of the Latest Practicable Date, our Directors and our PRC Data Compliance Legal Advisor do not foresee any material legal impediment for us to undertake measures to comply with the Draft Cyber Data Security Regulations (if adopted in their current form) in all material aspects, on the basis that: (i) we are committed to taking steps to ensure timely compliance with the new regulatory requirements within a reasonable period of time, including thoroughly reviewing and improving our cybersecurity and data protection-related internal mechanisms, operational policies, business practices and personal information rights protection; (ii) we will closely monitor the legislative and regulatory developments in connection with cybersecurity and data protection, including the Draft Cyber Data Security Regulations and the interpretation or implementation rules of laws and regulations; and (iii) the main regulatory requirements under the Draft Cyber Data Security Regulations have already been provided in existing PRC laws and regulations on cybersecurity, data security and personal information protection, which we complied with in all material aspects during the Track Record Period and up to the Latest Practicable Date, with the remaining newly proposed rules under the Draft Data Security Regulations mostly being procedural and administrative requirements, such as filing records and submitting reports to relevant authorities under certain circumstances, which would not constitute a substantial obstacle for us to comply with.

Our Directors and our PRC Data Compliance Legal Advisor are of the view that, we are not required to initiate the application for cybersecurity review due to the provision regarding “*listing abroad*” of a data processor with over one million users’ personal information, based on the facts that, during the Track Record Period and up to the Latest Practicable Date, (i) we have not received any inquiry, notice, warning, or sanctions regarding cybersecurity review; (ii) we had conducted a real-name telephone consultation and communication with the CCRC on July 18, 2023 on the proposed Listing for further confirmation, while CCRC did not raise any objection to the proposed Listing in Hong Kong, nor did the CCRC give any specific instructions requiring, directly or indirectly, us to apply for cybersecurity review for the proposed Listing, and it also confirmed that a listing in Hong Kong does not fall within the scope of the term of “*listing abroad*” under Article 7 of the Revised Measures; (iii) we have not been subject to any warning or sanctions made by any PRC government authorities regarding national security risks caused by our business operations or proposed Listing; and (iv) neither the Revised Measures nor the Draft Cyber Data Security Regulations provides further explanation or interpretation for the criteria on determining the risks that “*affect or may affect national security*”, and therefore our Directors and our PRC Data Compliance Legal Advisor are of the view that there is no existing evidence or clue to inform that the proposed Listing shall be deemed as a “*listing in Hong Kong which affects or may affect national security*” during the Track Record Period and up to the Latest Practicable Date, and thus we are not required to apply for cybersecurity review.

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In connection with the promulgation of laws and regulations related to cybersecurity and data protection, relevant competent authorities, such as the CAC and the MIIT, enacted a series of regulations, law enforcement rules, and other normative documents on mobile internet applications in recent years, further clarifying the relevant requirements on mobile internet applications. Relatedly, relevant authorities have paid close attention to the regulation of mobile internet applications, and issued orders of rectification for encroaching the rights and interests of users in violation of applicable laws and regulations, which is a regular regulatory practice and is relatively common in the mobile internet application operation industry. Improper collection of personal information, forced, frequent and excessive access, technical issues and improper use of personal information are the top reasons for rectification orders. During the Track Record Period and up to the Latest Practicable Date, the *OnTime Mobility* app operated by us has been notified to rectify the violations to the regulations in relation to personal information protection. Specifically, a notification with a penalty of RMB30,000 about the *OnTime Mobility* app (version 2.6.2) was circulated by the Guangdong Communications Administration (GCA) in March 2021, due to the app's certain violations of the provisions on users' personal information protection, which is the only administrative penalty we received in relation to cybersecurity and data protection during the Track Record Period and up to the Latest Practicable Date. As of the Latest Practicable Date, we were not subject to removal of our *OnTime Mobility* app from app stores due to this penalty. GCA circulated a notification about the *OnTime Mobility* app (version 2.7.0) due to the app's collection of personal information violating regulations in April 2021. We were required to make rectifications within a prescribed time limit. In September 2021 and April 2022, notifications about the *OnTime Mobility* app (version 2.12.1 and version 2.28.0) were circulated by MIIT due to the app's compulsory, frequent and excessive requests for permissions and collection of personal information beyond the scope, respectively. We were required to make rectifications within prescribed time limits while maintaining the normal online operation of the *OnTime Mobility* app. We have rectified in a timely manner the aforementioned violations and took necessary measures and completed self-inspection and rectifications in accordance with the requirements of the relevant competent authorities. We have paid the penalty and submitted written reports on the relevant rectifications accordingly to the MIIT, GCA and other competent authorities in a timely manner. We also simultaneously launched the updated versions of our *OnTime Mobility* app in the app stores immediately after the rectification. After we have rectified the violations, we have not received any further request for rectification from the competent authorities, and have not been imposed any further mandatory measures, such as removing our *OnTime Mobility* app from app stores, or other sanctions by the competent authorities as of the Latest Practicable Date. Save as disclosed above, we have not been subject to any further administrative investigations, requirements or relevant notifications, fines, penalties or other sanctions in relation to cybersecurity, information security, and data privacy and security related issues from the relevant government authorities during the Track Record Period and up to the Latest Practicable Date. We have implemented a set of internal control measures to prevent the recurrence of similar violations. See “—Data Privacy and Security — Data Security Policies.” Our PRC Data Compliance Legal Advisor is of the view that, as of the Latest Practicable Date, our daily business operations

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have not been subject to any material adverse effects due to the aforementioned violations. Based on the above, our Directors and our PRC Data Compliance Legal Advisor are of the view that aforementioned violations do not have any material impact on our operations or financial position taken as a whole.

Having considered the views and analysis of our Directors and our PRC Data Compliance Legal Advisor as disclosed above, as well as the independent due diligence conducted by the Joint Sponsors, nothing has come to the attention of the Joint Sponsors which would cause them to cast doubt on the reasonableness of our Directors' view in any material aspects that (i) the PRC laws and regulations in relation to cybersecurity, information security and data privacy and security will not have material adverse impact on our business operations and the proposed Listing; (ii) our Directors do not foresee any material legal impediment for our Group to undertake measures to comply with the Draft Cyber Data Security Regulations (if adopted in their current form) in all material aspects; (iii) we are not required to initiate the application for cybersecurity due to the provision regarding “*listing abroad*” of a data processor with over one million users' personal information; and (iv) the aforementioned violations do not have any material impact on our operations or financial position taken as a whole.

Anti-monopoly

Relevant regulatory authorities in the PRC have promulgated new regulations to strengthen enforcement of the PRC Anti-Monopoly Law. The Anti-monopoly Commission of the State Council issued the Anti-Monopoly Guidelines for the Internet Platform Economy Sector (《關於平台經濟領域的反壟斷指南》) on February 7, 2021 to specify that certain activities of internet platforms may be identified as monopolistic and that concentrations of undertakings involving variable interest entities are subject to anti-monopoly scrutiny. On June 24, 2022, the Standing Committee of the National People's Congress issued the Decision to Amend the PRC Anti-Monopoly Law, which became effective on August 1, 2022 and strengthened the regulation on the internet platforms, requiring that undertakings shall not use data and algorithms, technologies, capital advantages, platform rules, and other means to engage in monopolistic conduct. On March 24, 2023, the SAMR promulgated four regulations ancillary to the PRC Anti-Monopoly Law, including the Provisions on the Prohibitions of Acts of Abuse of Dominant Market Positions (《禁止濫用市場支配地位行為規定》), the Review Measures of Concentration of Undertakings (《經營者集中審查規定》), the Provisions on the Prohibition of Monopoly Agreements (《禁止壟斷協議規定》), and the Provisions on Curbing the Abuse of Administrative Power to Exclude or Restrict Competition (《制止濫用行政權力排除、限制競爭行為規定》), all of which took effect from April 15, 2023. On June 25, 2023, the SAMR promulgated the Provisions on Prohibition of the Abuse of Intellectual Property to Exclude or Restrict Competition (《禁止濫用知識產權排除、限制競爭行為規定》), which took effect from August 1, 2023. These regulations have, among other things, elaborated the specific requirements under the Anti-Monopoly Law, optimized the regulatory and enforcement procedures and imposed more stringent legal responsibilities on the relevant parties.

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During the Track Record Period and up to the Latest Practicable Date, we had not entered into any monopolistic agreements, and had not been subject to any penalties, regulatory orders, or investigations in connection with anti-monopoly activities. Based on the foregoing, our PRC Legal Advisor is of the view that the newly promulgated anti-monopoly laws and regulations mentioned above will not have material adverse effect on us. See “Risk Factors – Risks Relating to Doing Business in China – The M&A Rules and certain other PRC regulations establish procedural requirements for some acquisitions of PRC companies by foreign investors, which could make it more difficult for us to pursue growth through acquisitions in China.”

Our Directors believe that we will not incur material additional costs or be required to materially alter our business operations as a result of the above changes in laws and regulations regarding to anti-monopoly. Based on the foregoing, our Directors are of the view that the above changes will not have a material adverse effect on our business and operations.

Industry Development

Regulators nationwide are intensifying efforts to manage and regulate ride-hailing services, aiming to enhance industry compliance.

In April 2023, five competent authorities, including the Ministry of Transport of the PRC, jointly issued a Notice on Effectively Managing the Standardization of Ride-hailing Platform Operations (《關於切實做好網約車聚合平台規範管理有關工作的通知》).

In June 2023, the Guangzhou Municipal Transport Bureau issued a Notice on Further Regulating the Operation of Network Reservation Taxis (《關於進一步規範網絡預約出租汽車聚合服務經營行為的通知》). In the same month, Zhejiang Provincial Department of Transport issued a Special Action Plan for Digital Supervision Reform of Ride-hailing Taxis (《網約出租車數字化監管改革專項行動方案》).

Robotaxi’s commercialization is rapidly progressing in China.

In June 2023, Shenzhen Pingshan District issued a commercial trial license for autonomous smart vehicles.

In July 2023, Beijing initiated a trial commercial operation for unmanned passenger vehicle service, indicating commercial opportunities for Robotaxi in the capital city’s market. This not only reflects regulatory support for Robotaxis, but also refines regulations and increases public acceptance of such services, thus accelerating the expansion and development of the Robotaxi industry.

In September 2023, several Robotaxi service providers announced that they had received approvals from the Beijing authorities to begin commercial trial operations of unmanned passenger vehicle with remote control in Beijing.

Ongoing Compliance Measures

We have proactively taken measures to ensure ongoing compliance and to respond promptly to these new regulatory landscape and industry developments, including, among others:

- Our legal department closely monitors the regulatory and industry changes and is assisted by external consultants in assessing the impact that certain specific regulatory developments may have on our business, and adjusts our risk and internal control measures timely, and provides regulatory updates within our system on a monthly basis.
- To ensure that our sourcing, processing, storage and usage of data are in compliance with applicable laws and with prevalent industry practice, we have set up a data classification and grading management system to classify and grade different types of data held by us and manage data accordingly, as well as a External Information Reporting and Usage Management system to oversee the sharing and regulatory reporting of relevant data information.

LEGAL PROCEEDINGS AND COMPLIANCE

Legal Proceedings

From time to time, we may become involved in investigations and claims arising from the ordinary course of our business. During the Track Record Period and up to the Latest Practicable Date, we had not been a party to any material legal, arbitral or administrative proceedings, and we were not aware of any pending or threatened legal, arbitral or administrative proceedings against us or our Directors that could, individually or in the aggregate, have a material adverse effect on our business, financial condition and results of operations.

Compliance

According to the Online Ride-Hailing Measures, in order to conduct ride-hailing services, the vehicle owner or the ride-hailing platform company shall apply for the transportation permit for the service vehicles, and the driver or the ride-hailing platform company shall apply for the driver's license required for providing ride-hailing services. If the service vehicles of the ride-hailing platform company have not obtained the transportation permit, or the drivers who have not obtained the driver's license required for providing ride-hailing services, the taxi administrative department at or above the county level and the pricing department shall order corrections, and impose a fine of between RMB5,000 and RMB10,000 for each violation; where the circumstances are serious, a fine of between RMB10,000 and RMB30,000 shall be imposed.

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According to Frost & Sullivan, (i) the ride-hailing industry has been constantly evolving since its introduction in China, leading to rapid development of the relevant regulatory landscape and diverse interpretation and enforcement at the municipal level; (ii) the attrition of drivers and vehicles are inherently high as licensed drivers can choose to switch to other unlicensed vehicles, or owners can lend their licensed vehicles to unlicensed drivers; and (iii) license applications delays in certain cities under the impacts of COVID-19; as a result, it is common that either service vehicles or service-providing drivers start to offer ride-hailing business before acquiring all the prerequisite licenses. In addition, the non-compliance status of certain drivers and vehicles were also attributable to the practical difficulties of compliance rate statistics. For example, certain part of the compliance rate statistics relied on manual operations, which sometimes resulted in delayed information updates. During the Track Record Period, we experienced similar difficulties in ensuring the license compliance of the drivers and vehicles on our platform.

Industry regulators have, in recent years, emphasized the importance of compliance of mobility services. The MOT began publishing the ranking of the monthly order compliance rates for the top ten ride-hailing companies in China in terms of monthly order volume (the “**MOT Order Compliance Rate**”) in October 2020. Since December 2020, when we were first included in the MOT Order Compliance Rate ranking, and as of December 31, 2023, our MOT Order Compliance Rate ranked first 17 times.

The MOT Order Compliance Rate is produced in accordance with the Administrative Measures for Operation of the Interactive Platform for Regulatory Information of Online Ride-Hailing (《網絡預約出租汽車監管信息交互平台運行管理辦法》) promulgated by the MOT and becoming effective on July 1, 2022 and the General Technical Requirements for Online Ride-Hailing Regulatory Information Interaction Platform (Interim) (《網絡預約出租汽車監管信息交互平台總體技術要求(暫行)》) issued by the General Office of the MOT on December 20, 2016. Specifically, (i) the municipal transport authorities shall transmit the relevant licensing information of the platform companies, vehicles and drivers engaged in ride-hailing services in real time through the information system of the transport administration in order that such information will be shared in real time among the Ride-Hailing Regulatory Information Interaction Platform (the “**Industry Platform**”); the information that cannot be shared in real time shall be entered and uploaded promptly into the Industry Platform, in principle, at least once a week; (ii) the ride-hailing platform companies shall transmit some basic static data, which includes the relevant information of the platform companies, vehicles and drivers, and some dynamic data, which includes order information, operation information, location information, service quality information to the Industry Platform, from the next day of the date when the ride-hailing platform companies obtain the licenses for the ride-hailing business; (iii) the service vehicles and drivers engaged in online ride-hailing operation shall go through cross-examination and analysis based on their permits, reports, orders and other information transmitted by both the municipal transport authorities and ride-hailing platform companies into the Industry Platform in order to identify the unlicensed vehicles and drivers and calculate the MOT Order Compliance Rate. Orders completed by unlicensed vehicles and/or drivers would not be deemed as compliant orders; and (iv) the Industry Platform would evaluate the integrity, standardization, timeliness and authenticity of these data transmission of

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the ride-hailing platform companies on a regular basis, monthly and yearly, with specific evaluation and calculation methods. According to Frost & Sullivan, the MOT Order Compliance Rate is the most reliable and authoritative indicator of compliance rate levels for mobility service companies in China.

In 2021, 2022 and 2023, the GTV of compliant orders accounted for 45%, 62% and 67% in China's ride-hailing industry, respectively, according to Frost & Sullivan. In sharp contrast, 86.5%, 91.5% and 96.2% of our ride-hailing GTV were from compliant orders, respectively. In 2021, 2022 and 2023, we recorded (i) an actual operating vehicle compliance rate of 95.8%, 98.5% and 99.9%, respectively; (ii) an actual operating driver compliance rate of 80.0%, 87.0% and 92.6%, respectively; and (iii) an order compliance rate of 84.8%, 90.5% and 95.6%, respectively. As of the Latest Practicable Date, we recorded an actual operating vehicle compliance rate of 100%.

The non-compliances in relation to unlicensed service vehicles or drivers on our platform during the Track Record Period were primarily because: (i) certain external factors such as the review period required for license issuance and the impact of COVID-19, which are beyond our control; (ii) certain car partners or drivers failed to comply fully with the policies set by us to manage, update and facilitate the license applications of the drivers under their management; and (iii) certain part of our operating vehicle and driver management system relied on manual operation, which sometimes resulted in delayed information updates and input errors.

We have been managing our order compliance rate since our inception. Historically, we have adopted stringent and comprehensive policies and internal control measures, leading to a compliance rate surpassing the industry average, according to Frost & Sullivan. To further enhance our compliance level, we have been strengthening such measures on an ongoing basis. These policies and internal control measures include, among others:

- ***Group-Level Fleet Compliance and Control Measures.*** We have always been committed to high safety and compliance standards and have constantly reviewed, updated and vigorously enforced relevant internal control policies. We have formulated the service fleet compliance management measures, stipulating the entire process of compliance status management for all our drivers and vehicles. A series of requirements for drivers and service vehicles have been set out in such measures, including mandatory license status confirmation upon admission to platform and periodical background review to ensure that compliance status of drivers and service vehicles are duly maintained and further improving the license information tracking functions of our platform's order management system to streamline the supervision. We conduct weekly inspections, semi-annual comprehensive reviews and ad hoc spot checks of the validity of the transportation permits, which remove non-compliant vehicles and/or drivers once identified and not promptly rectified.
- ***Multi-Departmental Coordination for Compliance Management.*** We have established dedicated departments responsible for the implementation of service fleet compliance management. Our service fleet management department is

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responsible for establishing and optimizing the service fleet compliance management system, conducting screening processes and operational risk reviews. Our business operations office is in charge of the compliance and effectiveness of our operating licenses. Our service fleet planning and development office is responsible for conducting compliance-related reviews and assessments for admission and dismissal of driver and vehicle.

- ***Compliance Management IT Infrastructure.*** We manage and supervise the compliance of drivers and vehicles through our proprietary compliance IT infrastructure. We have invested significantly in its management, maintenance and upgrade to improve the efficiency and effectiveness of capacity compliance management. We have adopted both manual and automatic methods for the verification of compliance status to ensure the accuracy of information inputs. Our app for drivers is also capable of automatically analyzing information uploaded to our system, enabling real-time system notifications of non-compliance, improving efficiency of addressing such issues.
- ***Car Partner Compliance Supervision and Assistance.*** We customize specific assessment policies for our car partners to suit each geographical market, under which the order compliance rate is a vital factor in the assessment of car partner performance, having a direct bearing on their economic returns. It may be applied to adjust the management fee base according to the compliance status of the drivers managed by each car partner. Our service fleet management department oversees the monthly appraisal and updates of these policies, which are also subject to review by our chief executive officer and chief operating officer prior to implementation. Our agreements with car partners also stipulate their commitment to driver and vehicle compliance, and failure to reach the stipulated standards in such area may entail liability for breach of agreement. Leveraging our comprehensive fleet sale and maintenance, we also help our car partners secure a stable supply of compliant service vehicles by offering our car partners (i) sales of vehicles through our OnTime auto service centers as part of our fleet sale and maintenance, (ii) assistance services to help them obtain relevant licenses and to complete annual inspections, and (iii) career training and consultations.
- ***Driver Compliance Training and Management.*** Before drivers join our platform, we provide them with trainings that highlight the importance of compliance and our specific compliance requirements. After they have joined, we manage the drivers using a comprehensive rating system, under which compliance and safety levels shall be evaluated and rated based on multiple quantifiable factors. The rating they receive may affect their income.
- ***Employee Compliance Rate Assessment.*** We have designated managers overseeing the operation of each geographic market. The order compliance rate in their respective market is a key performance indicator of their overall performance assessment.

- ***Phasing Out Licensing Grace Period.*** According to Frost & Sullivan, the majority of ride-hailing platforms in China generally grant a grace period of two to three months within their respective operational areas for drivers and vehicles to get licensed. As of December 31, 2023, only 19 out of 34 major central cities in China had achieved an overall order compliance rate exceeding 80%, according to information published by the MOT. In principle, our policy mandates that drivers must be licensed before joining. As of the Latest Practicable Date, all the operating vehicles on our platform were licensed. For drivers, we may allow a limited grace period to get licensed after joining our platform in a few cities primarily because: (i) the driver licensing process is subject to the specific requirements imposed by local authorities, which may vary across different cities. For example, certain cities may have residency length requirements or limited license approval time slots that extend the time needed for drivers to become licensed; (ii) we operate in a highly competitive environment where drivers have the flexibility to choose between different platforms, where a grace period helps to mitigate the risk of driver attrition by providing a window in which drivers can get licensed without immediately losing their source of income; (iii) the adoption of a grace period policy enables us to more effectively meet operational performance targets in the process of addressing the shortfall in our service capacity and balancing market demands across different regions, particularly when certain cities may dynamically adjust their policies and even occasionally suspend the acceptance of applications for driver's licenses. During the Track Record Period, we heightened our licensing requirement and phased out or shortened the grace period in the cities we operate in. As of the Latest Practicable Date, we only allowed a grace period of two to three months in five cities and adopted full compliance policies in the remaining cities where we operated. We expect to use our best reasonable efforts to fully phase out licensing grace period. Such effort is subject to factors that may not be entirely in our control, such as future regulatory developments, supply and demand dynamics and our business growth in relevant cities.

- ***Regulatory Tracking.*** We have been closely monitoring regulatory development and adjusting our compliance program timely. Our legal department will inquire, consult, and seek confirmation from external legal advisers regarding relevant compliance requirements before business operations commence, to ensure that our business activities comply with legal regulations.

According to Frost & Sullivan, the above advanced measures enable us achieve and maintain a higher order compliance rate than the mobility industry average during the Track Record Period and up to the Latest Practicable Date.

To ensure that the grace period policy can be properly implemented without affecting our industry-leading order compliance rate, we have established and implemented comprehensive internal control measures, specifically:

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- ***Grace Period Approval Process.*** In principle, we do not allow grace periods and mandate that drivers must be licensed before joining. We have established a dedicated management mechanism where the granting of a grace period to specific cities during specific periods is subject to internal approval processes, including comprehensive assessment by our business departments, approval by our service fleet planning and development office and review by our management. This ensures that the grace period is granted only after careful assessments of various factors such as the particular licensing requirements, demand-supply dynamics and the stage of our business development in specific cities. For example, certain cities may have residency length requirements, limited license approval time slots or background investigation period mandated by local public security regulations that extend the time needed for drivers to become licensed. Our service fleet management department will tighten or revoke the grace period as necessary in a timely manner in accordance with the assessment of local regulatory policies, local supply and demand, and compliance data. As of the Latest Practicable Date, we only allowed a grace period of two to three months in five cities and adopted full compliance policies in the remaining cities where we operated.
- ***Grace Period Management.*** Both we and our car partners are able to monitor driver compliance status in real time through our proprietary compliance IT infrastructure, enabling effective management. We manage the drivers using a comprehensive rating system, where unlicensed drivers are assigned lower ratings, which may affect their income. We have established a daily compliance reporting mechanism, which provides daily updates on city compliance status to our management and our service fleet management department, enabling timely and effective management measures. Our service fleet management department closely monitors compliance status through daily city compliance reports and evaluates the effectiveness of our compliance control measures based on the improvements in compliance rates. For cities where a grace period has been granted after careful assessments of various factors such as the particular licensing requirements, demand-supply dynamics and the stage of our business development in specific cities, we implement more stringent compliance monitoring measures to ensure that drivers get licensed within the grace period, such as training, compliance reminders and coordinations with regulators. Specifically, (i) before drivers join our platform, we provide them with trainings that highlight the importance of compliance and our specific compliance requirements; (ii) we issue compliance reminder notifications to drivers through our app for drivers, prompting them to get licensed; and (iii) for cities where we grant grace periods due to specific requirements imposed by local authorities, we coordinate proactively with regulators to support drivers in getting licensed.
- ***Post-Grace Period Actions.*** We conduct regular checks and reminders, where drivers who fail to be licensed within this grace period may face disciplinary actions such as removal from our platform or suspension of order dispatch.

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In preparation for the Listing, we engaged an internal control consultant to conduct a review of our internal controls. Following this review, the internal control consultant did not identify any material issues concerning the measures we have implemented to manage the order compliance rate. We will continue to enhance our non-compliance management and expect to further improve our order compliance rate. Based on the above, the Directors are of the view that our internal control measures are adequate and effective to prevent the recurrence of similar non-compliances in the future. Having taken into account the view and analysis of our Directors as described above as well as the independent due diligence conducted by the Joint Sponsors, nothing has come to the attention of the Joint Sponsors which would cause them to cast doubt on the reasonableness of our Directors' view in respect of our internal control measures in any material aspects.

Historical Administrative Penalties

During the Track Record Period, we operated ride-hailing business through Qichen Technology and its branches and subsidiaries in Guangdong Province, Changsha, Qingdao, Xiamen, Chongqing, Chengdu and Urumqi on our ride-hailing platform, on which a small number of vehicles or drivers on the platform having not obtained the transportation permit or the driver's license required for providing ride-hailing services.

Despite our higher-than-industry-average compliance rate, during the Track Record Period, an aggregate of 150 administrative penalties were imposed on us within Guangdong Province, Changsha, Xiamen and Chongqing related to the use of unlicensed service vehicles or drivers, among which 61 were imposed in 2021, 38 were imposed in 2022, and 51 were imposed in 2023, the breakdown of which are set forth as below:

- 15 were relating to unlicensed service vehicles, with penalty amount totalling RMB105,000 and single penalty amount ranging from RMB5,000 to RMB20,000;
- 129 were relating to unlicensed drivers, with penalty amount totalling RMB2.35 million and single penalty amount ranging from RMB5,000 to RMB30,000; and
- 6 were relating to failing to report information to the transportation administrative departments, with penalty amount totalling RMB58,000 and single penalty amount ranging from RMB5,000 to RMB20,000.

As of the Latest Practicable Date, all the above fines had been fully and timely paid by us.

Based on comprehensive assessments of the drivers' compliance status in the operating geographical markets, and given that: (i) during the Track Record Period, none of the GTV generated in Xiamen, Chengdu, Chongqing and Qingdao separately from operating online ride-hailing businesses exceeded 1% of our total ride-hailing GTV in each year of the Track Record Period, (ii) as of the Latest Practicable Date, all the vehicles and drivers operated on our platform in these four cities already obtained the transportation permit and the driver's

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license as required, and (iii) as of the Latest Practicable Date, no grace period policy for drivers and vehicles to get licensed is applied within these cities which means we do not expect to have any new non-compliance incidents therein attributable to unlicensed service vehicles or drivers, we have consulted with the Department of Transport of Guangdong Province (廣東省交通運輸廳) on June 30, 2023 and February 22, 2024, Changsha Transportation Bureau (長沙市交通運輸局) on July 31, 2023, and Urumqi Transportation Bureau (烏魯木齊市交通運輸局) on February 29, 2024, who confirmed as the competent authorities in the localities where Qichen Technology and its relevant branches and subsidiaries operate ride-hailing business and have a relatively high percentage of the overall transaction volume on the platform that: (i) Qichen Technology and its relevant branches have maintained a higher level of compliance than the average in the same industry, the small quantity of unlicensed service vehicles and drivers on the platform during the Track Record Period will not be deemed as material non-compliances, the relevant historical administrative penalties will not be deemed as material administrative penalties, and Qichen Technology and its relevant branches will not be subject to revocation of operating licenses, suspension of business or any other material penalties with respect to such kind of non-compliances; and (ii) no material administrative penalties and non-compliance behaviors of Qichen Technology and relevant branches have been found. During the Track Record Period, ride-hailing GTV generated from such geographical markets represented over 99% of our total ride-hailing GTV. Our PRC Legal Advisor has confirmed that the above transportation authorities are the competent authorities governing our ride-hailing business operations in the relevant cities, and the authority and person consulted or interviewed (as the case may be) have the competent authority to provide consultations and confirmations.

Based on the above consultations and the foregoing, our PRC Legal Advisor is of the views that (i) the aforementioned unlicensed vehicles and drivers serviced on our platform are not material non-compliance, (ii) the historical administrative penalties caused by the aforementioned unlicensed vehicles and drivers serviced on our platform during the Track Record Period will not be deemed as material administrative penalties, and (iii) our Consolidated Affiliated Entities as a whole will not be subject to revocation of operating licenses, suspension of business imposed by relevant transportation authorities for the issue mentioned above. The risk that our Consolidated Affiliated Entities would be subject to material penalties by relevant transportation authorities for the aforementioned issue is remote. Considering the amount and nature of the administrative penalties and the views of our PRC Legal Advisor, our Directors are of the view that these administrative penalties and non-compliances did not and will not have material adverse impact on our business, results of operations or financial condition. Having taken into account the view and analysis of our PRC Legal Advisor and our Directors as described above as well as the independent due diligence conducted by the Joint Sponsors, nothing has come to the attention of the Joint Sponsors which would cause them to cast doubt on the reasonableness of our Directors' view as above-mentioned in this paragraph in respect of those administrative penalties and non-compliances in any material aspects.

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We aim to keep our industry-leading position in, and further enhance, our high safety and compliance standards. To this end, we have implemented stringent measures such as identity, qualification and background check to verify the compliance status of both the drivers and their vehicles, and identify those that are not qualified to utilize our platform pursuant to applicable laws and regulations or our internal standards. See “— Safety.”

As advised by our PRC Legal Advisor, except as otherwise disclosed in “Risk Factors,” “— Properties” and hereunder, we had complied with all applicable PRC laws and regulations in all material respects during the Track Record Period and up to the Latest Practicable Date.

Safety Inspection

As the mobility service industry involves personal and property safety, the relevant regulatory authorities, in order to fulfill their regulatory responsibilities, conduct safety inspections of our business operations from time to time. We had one safety inspection during the Track Record Period, the details of which are set forth as below:

- We were subject to a multi-departmental joint inspection on February 14, 2023, including Guangzhou Municipal Transportation Bureau, Guangzhou Municipal Party Committee Cyberspace Office and others.

As advised by the PRC Legal Advisor, the aforementioned safety inspection was multi-department joint safety inspection towards certain mobility service providers conducted by relevant regulatory authorities, and such inspections were intended to improve the overall management of the mobility industry rather than targeted at any particular enterprise. As of the Latest Practicable Date, we had not been subject to administrative penalties during the process of the aforesaid safety inspection. During the Track Record Period and up to the Latest Practicable Date, we did not receive any notice from the relevant regulatory authorities to claim any material findings or concerns or imposed any requirements on our safety measures after the safety inspection.

Traffic Accidents

Traffic accidents are an inherent risk in all mobility services.

In 2021, 2022 and 2023, the number of car accidents during ride-hailing trips we facilitated was 4,112, 3,476 and 2,280, respectively. According to Frost & Sullivan, we have maintained a relatively high safety level as the number of car accidents per million rides was significantly below the industry average. The following chart sets forth our ride-hailing service car accident rate per million orders compared to the industry average.

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	Year ended December 31,		
	2021	2022	2023
	<i>(accident/million orders)</i>		
The Group⁽¹⁾	89	57	27
Industry Average⁽¹⁾⁽²⁾	147	130	112

Notes:

- (1) The statistics for a given platform are based solely on orders fulfilled by that platform's own service fleets.
- (2) According to Frost & Sullivan.

In 2021, 2022 and 2023, the number of car accidents during hitch trips facilitated by our platform was 37, 44 and 39. We started offering Robotaxi service in 2023. As of December 31, 2023, there was only one car accident during Robotaxi rides facilitated by our platform. In that accident, the Robotaxi is not found liable.

During the Track Record Period and up to the Latest Practicable Date, we were subject to four litigations arising from safety incidents occurred during rides facilitated by our platform, one of which is still ongoing, and we were not subject to any claim and/or litigation arising from safety incidents occurred during rides facilitated by our platform in which we have been held liable for such incidents, because the losses were fully covered by the compulsory traffic accident liability insurance, third-party liability insurance or commercial accident insurance maintained by our drivers, car partners or the other party(ies) involved in the accident, as applicable, depending on the liability assessment. See “— Safety — User Service and Safety” for our comprehensive complaint management scheme. Given that the ongoing litigation is an isolated case, our Directors are of the view that it will not have any material adverse impact on our business operations and financial performance. We are proactively working with relevant parties to resolve the matter.

RISK MANAGEMENT AND INTERNAL CONTROL

We have devoted ourselves to establishing and maintaining risk management and internal control systems consisting of policies and procedures that we consider to be appropriate for our business operations, and we are dedicated to continuously improving these systems.

We have adopted and implemented comprehensive risk management policies in various aspects of our business operations, such as financial reporting, human resources, internal control, information system and investment management.

Financial Reporting Risk Management

We have in place a set of accounting policies in connection with our financial reporting risk management, including accounting manual, employee training policies, inventory management policies and record-keeping policies. We have various procedures in place to

implement our accounting policies, and our financial department reviews our management accounts based on such procedures. We also provide regular training to our employees to ensure that they understand our financial management and accounting policies and implement them in our daily operations.

Human Resources Risk Management

We have in place an employee handbook and a code of conduct which have been distributed to all of our employees. The handbook contains internal rules and guidelines regarding anti-money laundering, conflicts of interest, non-competition clauses and work ethics. We provide employees with regular training as well as guidance on the requirements contained in the employee handbook. We make our internal reporting channel open and available for our employees to report any employee's misconduct or non-compliance with the handbook.

Information System

Sufficient maintenance, storage and protection of user data and other related information is critical to our success. We have implemented various internal procedures and controls to ensure that user data is protected and that our data collection procedure complies with relevant laws and government regulations. See "Data Privacy and Security — Data Security Policies." In addition, we regularly perform data storage, data recovery and data backup tests, and maintain a record of key results of such tests.

Regulatory Compliance Risk Management

We are subject to evolving regulatory requirements in the PRC, including requirements to obtain and renew certain licenses, permits, approvals and certificates for our business operations in different regions. In order to manage our ongoing compliance with the laws and regulations applicable to our business effectively, we have implemented several internal control measures. In particular, we designated personnel to regularly monitor changes in laws, regulations and policies issued by the relevant government authorities in the regions in which we operate to ensure we obtain requisite licenses to operate our business, and we have an up-to-date understanding of the applicable requirements. In addition, we monitor and review the status of our licenses and permits on a regular basis. We continually improve our internal policies according to changes in laws, regulations and industry standards, and update our internal protocols accordingly.

Internal Audit

We have established an audit committee to monitor the implementation of our risk management policies across our company on an ongoing basis to ensure that our internal control system is effective in identifying, managing and mitigating risks involved in our business operations.

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We also maintain an internal audit department which is responsible for reviewing the effectiveness of internal controls and reporting to the audit committee on any issues identified. Our internal audit department members hold regular meetings to discuss any internal control issues we face and the corresponding measures to implement toward resolving such issues. The internal audit department reports to the audit committee to ensure that any major issues identified thus are channeled to the committee on a timely basis. The audit committee then discusses the issues and reports to the board of directors if necessary.

Our audit committee, internal audit department and senior management together monitor the implementation of our risk management policies on an ongoing basis to ensure our policies and their implementation are effective and sufficient.

AWARDS AND RECOGNITIONS

During the Track Record Period, we received awards and recognition in respect of our products, technology and innovation, significant instances of which are set forth below:

Award Year	Award/Recognition	Awarding Institution/Authority
2023	National Workers' Pioneer (全國工人先鋒號)	All-China Federation of Trade Unions (中華全國總工會)
2023	Economic Quality Development Summit 2023 Contribution to Science, Technology and Innovation Award (2023年經濟高質量發展峰會•科技創新貢獻獎)	Guangzhou Daily (廣州日報)
2023	Outstanding Autonomous Driving Solution Provider	World Intelligent Connected Vehicles Conference
2023	Unicorn Enterprise of Global Unicorn Index 2023	Hurun Report
2023	2022 New Unicorns in China	Forbes China
2023	2023 Intelligent Connected Vehicle Driving Competition (Guangzhou) "Guangzhou Mix-transit Operation Test" Organization Contribution Award	Guangzhou Municipal People's Government, China Council for the Promotion of International Trade – Automotive Sub-Council, China Foreign Trade Center, China Center for Information Industry Development
2023	Most Investment-Worthy Future Star of the Year	CailianPress
2023	TOP 10 Outstanding Artificial Intelligence Solutions of the Year	QbitAI
2023	Most Commercially Promising Company Ranking in China's Intelligent Driving Industry	Jazzyear

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Award Year	Award/Recognition	Awarding Institution/Authority
2022	2022 Innovative Small- and Middle-Sized Enterprise	Department of Industry and Information Technology of Guangdong Province
2022	Unicorn Enterprise of Global Unicorn Index 2022 Half-Year Report	Hurun Report
2022	Science and Innovative Pioneer Enterprises in the Greater Bay Area	Southern Finance Omnimedia Corp., 21st Century Business Herald, Guangdong Academy of Greater Bay Area Studies
2022	Best Technology Innovation Award of the Year in the New Ecology Field	Caijing New Media, Caijing Business Governance Research
2021	WISE 2021 The King of the New Economy – New Power Enterprise	36Kr
2021	2021 AutoVision China Gold Medal	AutoVision China
2021	Best Online Mobility Platform	The Third China Mobility Industry Development Forum

DIRECTORS AND SENIOR MANAGEMENT

OVERVIEW

Our Board consists of nine Directors, including one executive Director, five non-executive Directors and three independent non-executive Directors.

The Board is responsible for, and has the general authority of, the management and operation of our Group. The powers and duties of the Board include convening general meetings and reporting our Board's work at Shareholders' meetings, determining our business and investment plans, preparing our annual financial budgets and final reports, formulating proposals for profit distributions and exercising other powers, functions and duties as conferred by the Articles.

Our senior management is responsible for the day-to-day management and operation of the Group.

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 Director						
Mr. JIANG Hua (蔣華)	51	Executive Director and chief executive officer	April 30, 2019	April 30, 2019	Overall strategic planning and business direction and day-to-day management of our Group	None
Non-executive Directors						
Mr. GAO Rui (高銳)	44	Non-executive Director and chairman of the Board	April 30, 2019	April 30, 2019	Providing professional advice to the Board	None
Ms. XIAO Yan (肖艷)	39	Non-executive Director	March 29, 2024	March 29, 2024	Providing professional advice to the Board	None

DIRECTORS AND SENIOR MANAGEMENT

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
Mr. LIANG Weiqiang (梁偉強)	42	Non-executive Director	August 8, 2023	August 8, 2023	Providing professional advice to the Board	None
Mr. ZHONG Xiangping (鍾翔平)	47	Non-executive Director	April 30, 2019	April 30, 2019	Providing professional advice to the Board	None
Ms. BAI Hui (柏卉)	34	Non-executive Director	August 8, 2023	August 8, 2023	Providing professional advice to the Board	None
Independent non-executive Directors						
Mr. ZHANG Junyi (張君毅)	45	Independent non-executive Director	Date of this Prospectus	Date of this Prospectus	Supervising and providing independent advice to our Board on the operations and management of our Group	None
Mr. ZHANG Senquan (張森泉)	47	Independent non-executive Director	Date of this Prospectus	Date of this Prospectus	Supervising and providing independent advice to our Board on the operations and management of our Group	None
Mr. LI Maoxiang (李貿祥)	42	Independent non-executive Director	Date of this Prospectus	Date of this Prospectus	Supervising and providing independent advice to our Board on the operations and management of our Group	None

DIRECTORS AND SENIOR MANAGEMENT

Executive Director

Mr. JIANG Hua (蔣華), aged 51, our executive Director and chief executive officer, was appointed as our Director on April 30, 2019 and was re-designated as an executive Director on August 14, 2023. He has been our chief executive officer since June 2019. He is primarily responsible for overall strategic planning, business direction and the day-to-day management of our Company, including the management of our Company's operational, financial and administrative matters as well as public relations. Mr. Jiang is also a director of Chenqi Hong Kong, a director of Chenqi BVI, a director and chief executive officer of Chenqi Mobility, a director and general manager of Chenqi Automobile and an executive director and general manager of Qichen Technology.

Mr. Jiang has over 26 years of experience in the automobile industry. He has worked at GAC Group since September 1997 and held various positions at GAC and its subsidiaries and controlled corporations. He has been a member of the executive committee of GAC since August 2018. He was also head of the team of mobile travel events at GAC from August 2018 to June 2019, a general manager at GAC Business Co., Ltd. (廣汽商貿有限公司) from July 2008 to August 2018, a deputy general manager of Guangzhou Automotive Group Trading Company (廣州汽車集團商貿有限公司) from May 2002 to July 2008, an executive vice general manager and a secretary of the party general branch at Tomita-Nibaku Storage and Transportation (Guangzhou) Co., Ltd. (富田-日捆儲運(廣州)有限公司), an indirect subsidiary of GAC, from November 2000 to May 2005 and a staff and committee secretary at GAC from September 1997 to November 2000.

Mr. Jiang obtained a bachelor's degree in enterprise management from Beijing Technology and Business University (北京工商大學) (formerly known as Beijing Business School (北京商學院)) in the PRC in July 1994 and a master's degree in business administration from Sun Yat-sen University (中山大學) in the PRC in December 2003.

Non-executive Directors

Mr. GAO Rui (高銳), aged 44, was appointed as our Director and the chairman of the Board on April 30, 2019 and June 1, 2019, respectively. He was re-designated as a non-executive Director and the chairman of the Board on August 14, 2023. He is primarily responsible for providing professional advice to the Board. Mr. Gao is also a director of Chenqi Hong Kong and a director of Chenqi BVI.

Mr. Gao has over 23 years of experience in the automobile industry. He has worked at GAC Group since August 2000 and is currently the deputy general manager, the head of the public relations and publicity department, and a member of the executive committee at GAC Group, the chairman of the board of directors at GAC Honda Automobile Co., Ltd. (廣汽本田汽車有限公司) and the chairman of the board of directors at Wuyang-Honda Motorcycle (Guangzhou) Co., Ltd. (五羊-本田摩托(廣州)有限公司). He has also held various positions and/or directorships at GAC Group since August 2000, including serving as the chairman of the board of directors and the general manager at China Lounge from October 2017 to September 2019, the director and the general manager at Denway Motors Limited (駿威汽車有限公司)

DIRECTORS AND SENIOR MANAGEMENT

from September 2014 to August 2019, the chairman of the board of directors and the general manager at Guangzhou Auto Group (Hong Kong) Limited (廣汽集團(香港)有限公司) from November 2017 to September 2019, the supervisor at Guangzhou Motorcycle Group Co., Ltd. (廣州摩托集團有限公司) from February 2011 to September 2014, and the director at Guangzhou Guangyue Enterprise Administration Service Co., Ltd. (廣州廣悅企業管理服務有限公司) from February 2011 to June 2013.

Mr. Gao obtained a college degree in computer and modern management from Guangzhou Normal University (廣州師範學院) (currently known as Guangzhou University (廣州大學)) in the PRC in July 2001 and a master's degree in business administration from University of South Australia in March 2006 via studying in Hong Kong. Mr. Gao also obtained a bachelor's certificate in administrative management from Northeast Agricultural University (東北農業大學) through online education in the PRC in January 2022.

Ms. XIAO Yan (肖艷), aged 39, was appointed as our non-executive Director on March 29, 2024. She is primarily responsible for providing professional advice to the Board. She is also a director of Chenqi BVI.

Ms. Xiao has approximately 16 years of experience in legal, compliance and corporate management matters. She has worked at Guangzhou Guangyue Enterprise Administration Service Co., Ltd. since August 2012 and has served as its chairman of the board and general manager since October 2021. She has worked at Guangzhou Zhicheng Industry Co., Ltd. (廣州智誠實業有限公司) as head of the legal and compliance department since August 2021. She has also been a director of Guangzhou Automotive Group Passenger Car Co., Ltd. (廣州汽車集團客車有限公司) since March 2018, the supervisor of Guangzhou Yuelong Passenger Car Co., Ltd. (廣州粵隆客車有限公司) since March 2021, the supervisor of Guangzhou Junda Motors Co., Ltd. (廣州駿達汽車集團有限公司) since June 2021, the supervisor of Guangzhou Junda Real Estate Development Co., Ltd. (廣州駿達房地產開發有限公司) since June 2021, a director of GAC Hino (Shenyang) Motors Co., Ltd. (廣汽日野(瀋陽)汽車有限公司) since January 2018, the general manager of Guangzhou Zifeng Enterprise Administration Service Co., Ltd. (廣州自縫企業管理服務有限公司) since March 2023, the supervisor of Guangzhou Zhicheng Property Service Co., Ltd. (廣州智誠物業服務有限公司) since May 2023, and the supervisor of Guangzhou Qimei Health Development Co., Ltd. (廣州祺美健康發展有限公司) since June 2023.

Prior to joining Guangzhou Guangyue Enterprise Administration Service Co., Ltd., Ms. Xiao worked at Guangdong Zhuoxin Law Firm (廣東卓信律師事務所) from May 2008 to August 2012. Prior to joining Guangdong Zhuoxin Law Firm, she also worked at Beijing Huafeng Hongji Technology Co., Ltd. (北京華豐鴻基科技有限公司).

Ms. Xiao obtained the PRC Legal Professional Qualification in March 2011 and the PRC In-house Legal Counsel of State-owned Enterprises Qualification in November 2020.

Ms. Xiao obtained a bachelor's degree in laws from Zhanjiang Normal University (湛江師範學院) (currently known as Lingnan Normal University (嶺南師範學院)) in June 2007 and a master's degree in laws from Sun Yat-sen University (中山大學) in June 2018.

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Mr. LIANG Weiqiang (梁偉強), aged 42, was appointed as our Director on August 8, 2023 and was re-designated as a non-executive Director on August 14, 2023. He is primarily responsible for providing professional advice to the Board.

Mr. Liang has over 17 years of experience in automotive engineering. He has worked at GAC Group since July 2006 and is currently the vice president and a director of the ICV R&D Center (智能網聯技術研發中心) of the GAC R&D Center (廣州汽車集團股份有限公司汽車工程研究院). Mr. Liang has been a director at Lisheng Automotive Technology (Guangzhou) Co., Ltd. (立昇汽車科技(廣州)有限公司) since June 2023, and a director and the chairman of the board of directors at Xinghe Zhilian Automobile Technology Co., Ltd. (星河智聯汽車科技有限公司) since June 2022.

Mr. Liang has also been a committee member of the First New Energy and Intelligent Automobile Committee of China Association of Listed Companies (中國上市公司協會第一屆新能源與智能汽車委員會) since October 2022.

Mr. Liang obtained a bachelor's degree in engineering from South China University of Technology (華南理工大學) in the PRC in July 2004 and a master's degree in engineering from Beijing Institute of Technology (北京理工大學) in the PRC in July 2006.

Mr. ZHONG Xiangping (鍾翔平), aged 47, was appointed as our Director on April 30, 2019 and was re-designated as a non-executive Director on August 14, 2023. He is primarily responsible for providing professional advice to the Board.

Mr. Zhong has over 19 years of experience in the intelligent network industry. He has worked at Tencent since July 2004 and is currently the vice president of Tencent. Mr. Zhong is also the vice chairman of the Telematics Working Committee of Internet Society of China (中國互聯網協會車聯網工作委員會), which is dedicated to building communication in the intelligent network industry.

Mr. Zhong obtained a master's degree in computer science and technology from Nanjing University (南京大學) in the PRC in June 2004.

Ms. BAI Hui (柏卉) (formerly known as SHEN Biyu (沈碧瑜)), aged 34 was appointed as a our Director on August 8, 2023 and was re-designated as a non-executive Director on August 14, 2023. She is primarily responsible for providing professional advice to the Board.

Ms. Bai has approximately nine years of experience in investment management. She joined Tencent in July 2014 and has worked at Tencent's interactive entertainment business group from July 2014 to May 2017, primarily responsible for investment management and strategic analysis, and has been the director of operations analysis of the investment department of Tencent since May 2017.

Ms. Bai has been an active CFA Institute Charterholder since August 14, 2023.

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Ms. Bai obtained a bachelor's degree in economics from Chu Kochen Honors College of Zhejiang University (浙江大學竺可楨學院) in the PRC in June 2011, a master's degree in finance from the University of Hong Kong in Hong Kong in November 2014, as well as a master's degree in management from HSBC Business School of Peking University (北京大學滙豐商學院) in the PRC in July 2014.

Independent non-executive Directors

Mr. ZHANG Junyi (張君毅), aged 45, was appointed as an independent non-executive Director of the Company on August 8, 2023, with effect from the date of this Prospectus. He is primarily responsible for supervising and providing independent advice to our Board on the operations and management of our Group.

Mr. Zhang has been the managing partner and the head of automotive business in the Greater China of Oliver Wyman Consulting (Shanghai) Ltd. (奧緯企業管理諮詢(上海)有限公司) since July 2021. He has also been the independent director of Shanghai Feilo Acoustics Co., Ltd (上海飛樂音響股份有限公司), a company listed on the Shanghai Stock Exchange (stock code: 600651), since February 2023 and of Zongmu Technology (Shanghai) Co., Ltd. (縱目科技(上海)股份有限公司) since August 2021. Mr. Zhang also worked as the deputy general manager and the executive director at Shenzhen Ping An Zhihui Enterprise Information Management Co., Ltd. (深圳平安智匯企業信息管理有限公司), a subsidiary of Ping An Insurance (Group) Company of China, Ltd. (中國平安保險(集團)股份有限公司), a company listed on the Main Board of the Stock Exchange (stock code: 2318), from January 2020 to April 2021, and the managing partner at Shanghai Weishang Enterprise Management Consulting Co., Ltd. (上海蔚尚企業管理諮詢有限公司) (蔚來資本) from October 2016 to December 2019. He also worked at Roland Berger Enterprise Management (Shanghai) Co., Ltd. from August 2004 to June 2006 and August 2008 to October 2016 with his last position as a partner. Mr. Zhang was a director of Beijing Deqidao Testing and Certification Co., Ltd. (北京德其道檢測認證有限公司), a company established in the PRC. The company's business license was revoked on July 22, 2020 due to ceasing to operate business for six consecutive months without legitimate reasons.

Mr. Zhang has been a member of the digitalization and intelligent manufacturing working committee of the China Society of Automotive Engineers (中國汽車工程學會數字化與智能製造工作委員會) since January 2023. He has also been awarded as the Outstanding Young and Middle-aged Talent in Jing'an District, Shanghai in 2015 and Roland Berger Best Mentor Award in China in 2015.

Mr. Zhang obtained a professional certificate in economics minor in Fudan University (復旦大學) in the PRC in September 2000, a bachelor's degree in engineering in Tongji University (同濟大學) in the PRC in July 2001 and a master's degree in vehicle engineering in Tongji University (同濟大學) in the PRC in May 2005.

DIRECTORS AND SENIOR MANAGEMENT

Mr. ZHANG Senquan (張森泉) (formerly known as ZHANG Min (張敏)), aged 47, was appointed as an independent non-executive Director of the Company on August 8, 2023, with effect from the date of this Prospectus. He is primarily responsible for supervising and providing independent advice to our Board on the operations and management of our Group.

Mr. Zhang has joined Zhong Rui Capital (Hong Kong) Limited (中瑞資本(香港)有限公司) since May 2018 and is currently the chief executive officer. He has also been the audit principal of Nortex (HK) CPA Limited (諾德(香港)會計師事務所有限公司) since March 2022. Mr. Zhang held various positions at Southwest Securities International Securities Limited (西證國際證券股份有限公司), a company listed on the Stock Exchange (stock code: 00812), from February 2016 to March 2020, as the head of the China business department and a managing director. In addition, he worked as a joint company secretary and the chief financial officer at Huazhong In-Vehicle Holdings Company Limited (華眾車載控股有限公司) (formerly known as Huazhong Holdings Company Limited (華眾控股有限公司)), a company listed on the Stock Exchange (stock code: 06830), from May 2014 to June 2015, and the head of the strategic development department at Goodbaby International Holdings Limited (好孩子國際控股有限公司), a company listed on the Stock Exchange (Stock code: 01086), from March 2013 to April 2014. He worked in the assurance department at Ernst & Young Hua Ming Shanghai Branch (安永華明會計師事務所上海分所) from February 2008 to October 2012 with his last position as a partner, and the audit department at KPMG Huazhen LLP (畢馬威華振會計師事務所) from November 2000 to February 2008 with his last position as a senior manager. He also worked as an auditor in the audit department at Deloitte Touche Tohmatsu CPA Ltd. (德勤華永會計師事務所有限公司) from October 1999 to October 2000.

Further, Mr. Zhang has extensive experience in the financial management and corporate governance of listed companies. Mr. Zhang is currently an independent non-executive director at various companies listed on the Stock Exchange, including Strawbear Entertainment Group (稻草熊娛樂集團) (stock code: 02125) since December 2020, Natural Food International Holding Limited (五谷磨房食品國際控股有限公司) (stock code: 01837) since November 2018, Jiande International Holdings Limited (建德國際控股有限公司) (stock code: 00865) since October 2016, and a company secretary at Guanze Medical Information Industry (Holding) Co., Ltd. (stock code 02427) since September 2021 and China General Education Group Limited (中國通才教育集團有限公司) (stock code: 02175) since October 2020. Mr. Zhang previously served as an independent non-executive director at various companies listed on the Stock Exchange, including Sang Hing Holdings (International) Limited (生興控股(國際)有限公司) (stock code: 01472) from January 2020 to April 2023, and Beijing Digital Telecom Co., Ltd. (北京迪信通商貿股份有限公司) (stock code: 06188) from June 2018 to June 2021. He was also an independent director of Jiangsu Aidea Pharmaceutical Co., Ltd. (江蘇艾迪藥業股份有限公司), a company listed on the Sci-Tech Innovation Board of the Shanghai Stock Exchange (stock code: 688488), from May 2019 to March 2022.

Mr. Zhang obtained a bachelor's degree in investment economics from Fudan University (復旦大學) in the PRC in July 1999. He was admitted as a member of the Chinese Institute of Certified Public Accountants (中國註冊會計師協會) in December 2001, the Hong Kong Institute of Certified Public Accountants in September 2011, and the American Institute of Certified Public Accountants in September 2015.

DIRECTORS AND SENIOR MANAGEMENT

Mr. LI Maoxiang (李賢祥), aged 42 was appointed as an independent non-executive Director on August 8, 2023, with effect from the date of this Prospectus. He is primarily responsible for supervising and providing independent advice to our Board on the operations and management of our Group.

Mr. Li has been a partner of Cathay Capital (凱輝基金) at Hubei Cathay Equity Investment Management Co., Ltd. (湖北凱輝股權投資管理有限公司) since May 2017. Mr. Li has also been the general manager and legal representative at Hubei Kaihui Equity Investment Management Co., Ltd. (湖北凱輝股權投資管理有限公司) since July 2021, a director at Qingdao Huituo Intelligent Machine Co., Ltd. (青島慧拓智能機器有限公司) since March 2020 and a director at Benewake (Beijing) Photon Technology Co., Ltd. (北醒(北京)光子科技有限公司) since March 2018. Mr. Li was also a director at Shanghai Arabi Intelligent Technology Co., Ltd. (上海艾拉比智能科技有限公司) from September 2018 to July 2023, Hubei Proge Technology Co., Ltd. (湖北普羅格科技股份有限公司) from September 2020 to June 2023, Beijing Bochuang Linkage Technology Co., Ltd. (北京博創聯動科技有限公司) from August 2019 to May 2022 and Future (Beijing) Black Technology Co., Ltd. (未來(北京)黑科技有限公司) from February 2018 to December 2021.

Prior to joining Cathay Capital (凱輝基金), Mr. Li worked as a business development director at Lear (China) Holding Ltd. (李爾(中國)投資有限公司) from May 2015 to May 2017, the China M&A and strategic planning director at Valeo Management (Shanghai) Co., Ltd. (法雷奧企業管理(上海)有限公司) from January 2013 to April 2015, and has worked as a new business development manager at General Motors (China) Investment Co., Ltd. (通用汽車(中國)投資有限公司) prior to his joining in Valeo Management (Shanghai) Co., Ltd..

Mr. Li has obtained the practice certificate issued by Asset Management Association of China (中國證券投資基金業從業證書) in August 2017.

Mr. Li obtained a bachelor's degree in finance at the Kelley School of Business at Indiana University in the United States in December 2003 and a master's degree in finance in Cheung Kong Graduate School of Business (長江商學院) in the PRC in September 2015.

Save as disclosed above, none of our Directors held any directorship in public companies, the securities of which are listed on any securities market in Hong Kong or overseas in the past three years immediately preceding the date of this Prospectus. Save as disclosed herein, to the best knowledge, information and belief of the Directors having made all reasonable inquiries, there are no other matters with respect to the appointment of the Directors that need to be brought to the attention of our Shareholders and there is no information relating to our Directors that is required to be disclosed pursuant to Rule 13.51(2)(a) to (v) of the Listing Rules.

DIRECTORS AND SENIOR MANAGEMENT

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 member of senior management	Roles and responsibilities	Relationship with other Directors and senior management
Mr. JIANG Hua (蔣華)	51	Executive Director and chief executive officer	April 30, 2019	June 1, 2019	Overall strategic planning and business direction and day-to-day management of our Company	None
Dr. SONG Deqiang (宋德強)	42	Chief technology officer	July 13, 2022	July 13, 2022	Overseeing the research and development of our products and the technological development of our Group	None
Mr. HAN Feng	42	Chief operating officer	December 23, 2019	December 23, 2019	Overseeing our business operation, corporate strategies, sales and marketing and customer relations	None
Mr. SUN Lei (孫雷)	39	Vice president	May 17, 2021	May 17, 2021	Overseeing the investment, financing, strategy and financial management of our Group	None

DIRECTORS AND SENIOR MANAGEMENT

Mr. JIANG Hua (蔣華) is our executive Director and chief executive officer. See “—Directors” in this section for his biographical details.

Dr. SONG Deqiang (宋德強), aged 42, has been our chief technology officer since July 2022. He is primarily responsible for overseeing the research and development of our products and the technological development of our Group. Dr. Song is also the chief technology officer of Chenqi Mobility and Qichen Technology.

Dr. Song has over 14 years of experience in computer science and technology. Prior to joining our Group in July 2022, Dr. Song worked at Tianjin Sankuai Technology Co., Ltd. (天津三快科技有限公司), a subsidiary of Meituan (美團) (formerly known as Meituan Dianping) a company listed on the Stock Exchange (stock code: 03690), from April 2018 to July 2022 with his last position as an LBS (location-based service) technology leader, and a technical specialist at Huawei Digital Technology (Beijing) Co., Ltd. (北京華為數字技術有限公司) from September 2016 to April 2018. He also worked at various subsidiaries of Gaode (高德) from September 2014 to September 2016, Microsoft (China) Co., Ltd. (微軟(中國)有限公司) from April 2013 to August 2014, and Empyrean Technology Co., Ltd. (北京華大九天科技股份有限公司) from July 2009 to March 2013.

Dr. Song obtained a bachelor’s degree in computer science and technology from Inner Mongolia University (內蒙古大學) in the PRC in July 2003 and a doctoral degree in signal and information processing from the Graduate School of the Chinese Academy of Sciences (中國科學院研究生院) (currently known as University of Chinese Academy of Sciences (中國科學院大學)) in the PRC in April 2009.

Mr. HAN Feng, aged 42, has been our chief operating officer since December 2019. He is primarily responsible for overseeing our business operations, corporate strategies, sales and marketing and customer relations, as well as managing our mobility services, automobile ecosystem, add-on services, and Robotaxi services. Mr. Han is also the chief operating officer of Chenqi Mobility and Qichen Technology.

Mr. Han has extensive experience in corporate management and the mobility technology service industry. Mr. Han was the vice president of operations at OYO Hotels Management (Shanghai) Co., Ltd. (鷗遊酒店管理(上海)有限公司) from May 2018 to December 2019. Prior to joining OYO Hotels Management (Shanghai) Co., Ltd. (鷗遊酒店管理(上海)有限公司) in 2018, Mr. Han was a general manager for city management at Uber (China), Ltd., which was a leading ride-hailing platform and was acquired by DiDi Global Inc. in August 2016. Mr. Han was also the chief executive officer at Qikuai Information Technology Co., Ltd. (起筷信息科技(深圳)有限公司) from January 2013 to June 2016, and worked at IBM, which is an international information technology and business solutions company.

Mr. Han obtained a bachelor’s degree in economics from the Georgia Institute of Technology in the United States in May 2008 and a master of business administration from Hong Kong University of Science and Technology in Hong Kong in November 2013.

DIRECTORS AND SENIOR MANAGEMENT

Mr. SUN Lei (孫雷), aged 39, has been our vice president. He is primarily responsible for overseeing the investment, financing, strategy and financial management of our Group. Mr. Sun is also the vice president of Chenqi Mobility and Qichen Technology.

Mr. Sun has extensive experience in finance and in the automobile industry. Prior to joining our Group in May 2021, Mr. Sun was the vice president at the investment banking division of Hina (Beijing) Investment Consultancy Co., Ltd. (漢能(北京)投資諮詢有限公司) from July 2017 to May 2021, and a consultant at Roland Berger Strategy Consultants Ltd. (羅蘭貝格管理(上海)有限公司) from August 2016 to June 2017. Mr. Sun also worked at Shanghai Automotive Group Finance Company (上海汽車集團財務有限責任公司) from July 2013 to July 2016, with his last position as a senior account manager at the passenger vehicle business unit.

Mr. Sun obtained a bachelor's degree in information and computational science from the Shanghai Ocean University (上海海洋大學) (formerly known as Shanghai Aquatic University (上海水產大學)) in the PRC in July 2007 and a master's degree in finance from Fudan University (復旦大學) in the PRC in June 2013.

KINSHIP

There is no family or blood relationship among any of the Directors and senior management of our Company.

JOINT COMPANY SECRETARIES

Ms. LI Jiawei (李佳蔚), aged 33, was appointed as one of our joint company secretaries with effect from the Listing Date. Ms. Li joined our Group in July 2021 and has since been serving as our executive director of capital markets since then.

Prior to joining our Group, Ms. Li worked at Tencent Technology (Beijing) Company Limited (騰訊科技(北京)有限公司) from April 2020 to July 2021 and as an investment manager at Hina (Beijing) Investment Consulting Company Limited (漢能(北京)投資諮詢有限公司) from July 2016 to April 2020.

Ms. Li obtained a master's degree in economics from Peking University (北京大學) in the PRC in July 2016.

Mr. CHUNG Ming Fai (鍾明輝), aged 44, was appointed as one of our joint company secretaries with effect from the Listing Date. He has over 19 years of experience in corporate secretary, mergers and acquisitions, financial reporting and auditing. Since June 2022, Mr. Chung has been serving in the SWCS Corporate Services Group (Hong Kong) Limited and is currently a vice president of the corporate secretarial department. He is mainly responsible for managing the company secretarial and compliance work for companies listed on the Stock Exchange.

DIRECTORS AND SENIOR MANAGEMENT

Mr. Chung is currently a fellow of the Hong Kong Institute of Certified Public Accountants and a member of CPA Australia Ltd. He obtained a bachelor's degree in commerce from the Australian National University in Australia in December 2003.

REMUNERATION OF OUR DIRECTORS AND SENIOR MANAGEMENT

Certain Directors and members of senior management receive remuneration from our Company in the form of fees, salaries, allowances, other benefits, discretionary bonuses, retirement scheme contributions and equity-settled share-based payments. We determine the remuneration of our Directors and members of senior management based on their responsibilities, qualification, position and seniority.

The aggregate amount of remuneration (including fees, salaries, allowances, other benefits, discretionary bonuses, retirement scheme contributions and equity-settled share-based payments) of our Directors for the years ended December 31, 2021, 2022 and 2023 was RMB8.9 million, RMB7.9 million and RMB5.9 million, respectively.

The aggregate amount of remuneration (including fees, salaries, allowances, other benefits, discretionary bonuses, retirement scheme contributions and equity-settled share-based payments) we paid to the five highest paid individuals for the years ended December 31, 2021, 2022 and 2023 amounted to RMB20.5 million, RMB28.2 million and RMB23.8 million, respectively.

Further information on the remuneration of each Director and the five highest paid individuals during the Track Record Period is set out in Appendix I to this Prospectus.

Under the arrangement currently in force, the total remuneration (including fees, salaries, allowances, other benefits, discretionary bonuses, retirement scheme contributions and equity-settled share-based payments) payable to our Directors for the year ending December 31, 2024 is estimated to be RMB3.6 million.

During the Track Record Period, no remuneration was paid to our Directors or any of the five highest paid individuals as an inducement to join, or upon joining, our Group. During the Track Record Period, save for the compensation paid to one of our former directors for the loss of office as senior management of our Group in February 2022 in the amount of RMB101,358, no compensation was paid to, or receivable by, any of our Directors, former directors or the five highest paid individuals 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.

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.

DIRECTORS AND SENIOR MANAGEMENT

For the details of the service contracts and letters of appointment that we have entered into with our Directors, see “Statutory and General Information – C. Further Information about our Directors – 3. Directors’ Service Contracts and Appointment Letters” in Appendix IV to this Prospectus.

Our Board will review and determine the remuneration and compensation packages of our Directors and senior management and will, following the Listing, receive recommendation from our remuneration committee which will take into account salaries paid by comparable companies, time commitment and responsibilities of our Directors and performance of our Group.

MANAGEMENT PRESENCE

We have applied for, and the Stock Exchange has granted, a waiver from compliance with Rule 8.12 of the Listing Rules. For further details, see the section headed “Waivers from Strict Compliance with the Listing Rules and Exemptions from Compliance with the Companies (Winding Up and Miscellaneous Provisions) Ordinance” in this Prospectus.

CORPORATE GOVERNANCE

Board Committees

Our Board has established the audit committee, the remuneration committee and the nomination committee, and delegated various responsibilities to these committees, which assist our Board with discharging its duties and overseeing particular aspects of our Group’s activities.

Audit Committee

We have established an audit committee (with effect from the Listing Date) 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 C1 to the Listing Rules. Our audit committee comprises three members, namely Mr. Zhang Senquan, Mr. Li Maoxiang and Mr. Zhang Junyi. Mr. Zhang Senquan, being the chairperson of the audit committee and an independent non-executive Director, has appropriate accounting and related financial management expertise as required under Rules 3.10(2) and 3.21 of the Listing Rules.

The primary duties of the audit committee include, but are not limited to, the following:

- (i) making recommendations to our Board on the appointment, reappointment and removal of the external auditor, and approving the remuneration and terms of engagement of the external auditor;
- (ii) monitoring integrity of the financial reports of our Company, and reviewing significant financial reporting judgments contained in them;

DIRECTORS AND SENIOR MANAGEMENT

- (iii) reviewing our Company's financial controls, risk management and internal control systems;
- (iv) considering major investigation findings on risk management and internal control matters;
- (v) ensuring coordination between the internal and external auditors, and ensuring that the internal audit function is adequately resourced and has appropriate standing within our Company, and reviewing and monitoring its effectiveness;
- (vi) reviewing our Group's financial and accounting policies and practices; and
- (vii) performing other duties and responsibilities as assigned by our Board.

Remuneration Committee

We have established a remuneration committee (with effect from the Listing Date) with written terms of reference in compliance with Rule 3.25 of the Listing Rules and the Corporate Governance Code as set out in Appendix C1 to the Listing Rules. Our remuneration committee comprises three members, namely Mr. Zhang Junyi, Mr. Li Maoxiang and Mr. Gao Rui. Mr. Zhang Junyi is the chairperson of our remuneration committee.

The primary duties of the remuneration committee include, but are not limited to, the following:

- (i) making recommendations to our Board on our Company's policy and structure for all Directors' and senior management remuneration and on the establishment of a formal and transparent procedure for developing remuneration policy;
- (ii) reviewing and approving the management's remuneration proposals with reference to our Board's corporate goals and objectives;
- (iii) making recommendations to our Board on the remuneration packages of individual executive Directors and senior management;
- (iv) making recommendations to our Board on the remuneration of non-executive Directors;
- (v) considering salaries paid by comparable companies, the time commitment and responsibilities, and employment conditions elsewhere in our Group;
- (vi) reviewing and approving compensation payable to executive Directors and senior management for any loss or termination of office or appointment to ensure that it is consistent with contractual terms and is otherwise fair and not excessive;

DIRECTORS AND SENIOR MANAGEMENT

- (vii) reviewing and approving compensation arrangements relating to dismissal or removal of directors for misconduct to ensure that they are consistent with contractual terms and are otherwise reasonable and appropriate;
- (viii) ensuring that no Director or any of their associates is involved in deciding the Director's own remuneration; and
- (ix) reviewing and/or approving matters relating to share schemes under Chapter 17 of the Listing Rules.

Nomination Committee

We have established a nomination committee (with effect from the Listing Date) with written terms of reference in compliance with the Corporate Governance Code as set out in Appendix C1 to the Listing Rules. Our nomination committee comprises three members, namely Mr. Gao Rui, Mr. Li Maoxiang and Mr. Zhang Junyi. Mr. Gao Rui is the chairperson of our nomination committee.

The primary duties of the nomination committee, include, but are not limited to, the following:

- (i) reviewing the size and composition (including the skills, knowledge and experience) of our Board on an annual basis and making recommendations on any proposed changes to our Board to complement our Company's corporate strategy;
- (ii) identifying individuals suitably qualified to become a member of our Board and selecting or making recommendations to our Board on the selection of individuals nominated for directorships;
- (iii) assessing the independence of the independent non-executive Directors of our Company; and
- (iv) making recommendations to our Board on the appointment or re-appointment of Directors and succession planning for Directors, in particular, the chairperson of our Board and our chief executive officer.

Corporate Governance Code

The Company complies or intends to comply with the Corporate Governance Code. Our Directors will review our corporate governance policies and comply with the Corporate Governance Code in each financial year and comply with the "comply or explain" principle in our corporate governance report which will be included in our annual reports after the Listing.

DIRECTORS AND SENIOR MANAGEMENT

BOARD DIVERSITY

We recognize and embrace the benefits of having a diverse Board and see increasing diversity at the Board level, including gender diversity, as an essential element in maintaining our competitive advantage and enhancing our ability to attract, retain and motivate employees from the widest possible pool of available talent. We have adopted a board diversity policy (the “**Board Diversity Policy**”) with the aim of achieving an appropriate level of diversity among Board members according to the circumstances of our Group from time to time.

Pursuant to the Board Diversity Policy, in reviewing and assessing suitable candidates to serve as a director of our Company, our nomination committee would consider a range of diversity perspectives with reference to the Company’s business model and specific needs, including, but not limited to, gender, age, cultural and educational background, ethnicity, professional experience, skills, knowledge and length of service and the potential contributions that the candidate is expected to bring to our Board. All Board appointments will be based on merit and candidates will be considered against objective criteria, having due regard to the benefits of diversity to our Board. After Listing, our nomination committee will review the Board Diversity Policy from time to time to ensure its continued effectiveness and we will disclose the policy or a summary thereof in our corporate governance report on an annual basis.

Our Board has a balanced mix of experience and skills, including, but not limited to, overall business management, research and development as well as finance and accounting. Our Board has a relatively wide range of ages, ranging from 34 years old to 51 years old. Furthermore, we have two female Directors. After due consideration, our Board believes that, based on the meritocracy of our Directors, the composition of our Board satisfies our Board Diversity Policy.

DISCLOSURE UNDER RULE 8.10 OF THE LISTING RULES

Each of our Directors confirms that, as of the Latest Practicable Date, he or she did not have any interest in any business which competes, or is likely to compete, directly or indirectly, with our business, and requires disclosure under Rule 8.10 of the Listing Rules.

DISCLOSURE UNDER RULE 3.09D OF THE LISTING RULES

Each of our Directors confirms that he or she (i) has obtained the legal advice referred to under Rule 3.09D of the Listing Rules in August 2023 or April 2024, and (ii) understands his/her obligations as a director of a listed issuer under the Listing Rules.

DISCLOSURE UNDER RULE 3.13 OF THE LISTING RULES

Each of the independent non-executive Directors has confirmed (i) his/her independence as regards each of the factors referred to in Rules 3.13(1) to (8) of the Listing Rules, (ii) he/she has no past or present financial or other interest in the business of our Company or its subsidiaries or any connection with any core connected person of our Company under the Listing Rules as of the Latest Practicable Date, and (iii) that there are no other factors that may affect his/her independence at the time of his/her appointment.

DIRECTORS AND SENIOR MANAGEMENT

COMPLIANCE ADVISOR

We have appointed Maxa Capital Limited as our compliance advisor (the “**Compliance Advisor**”) pursuant to Rule 3A.19 of the Listing Rules. Our Compliance Advisor will provide us with guidance and advice as to compliance with the Listing Rules and applicable Hong Kong laws. Pursuant to Rule 3A.23 of the Listing Rules, our Compliance Advisor will advise our Company, among others, in the following circumstances:

- (a) before the publication of any regulatory announcement, circular or financial report;
- (b) where a transaction, which might be a notifiable or connected transaction, is contemplated, including share issues and share repurchases;
- (c) where we propose to use the proceeds of the Global Offering in a manner different from that detailed in this Prospectus or where the business activities, developments or results of our Group deviate from any forecast, estimate, or other information in this Prospectus; and
- (d) where the Stock Exchange makes an inquiry to our Company concerning unusual movements in the price or trading volume of its listed securities or any other matters under Rule 13.10 of the Listing Rules.

The term of appointment of our Compliance Advisor shall commence on the Listing Date and end on the date on which our Group complies with Rule 13.46 of the Listing Rules in respect of our financial results for the first full financial year commencing after the Listing Date and such appointment may be subject to extension by mutual agreement.

RELATIONSHIP WITH GAIG

OVERVIEW

GAIG, directly and indirectly through GAC and China Lounge, will be interested in approximately 35.58% of the issued share capital of our Company immediately before the Global Offering. Immediately upon the completion of the Global Offering, GAIG, through GAC and China Lounge, will be interested in approximately 35.52% of the total issued share capital of our Company (based on the low-end of the indicative range of the Offer Price), and GAIG, GAC and China Lounge are and will continue to be the Controlling Shareholders.

INDEPENDENCE FROM GAIG

Our relationship with GAIG is mutually beneficial due to our highly aligned development plans. Our Company was incorporated upon the founding round of financing led by GAC, a subsidiary of GAIG, and Tencent Mobility with participation of other investors. We are able to leverage GAIG's prominent industry support and achieve integration of industry resources of automobile manufacturing, autonomous driving technology and mobility services, and we have built a multi-dimensional mobility service system around our ride-hailing business and launched a one-stop standardized automobile service platform.

Having considered the following factors, our Directors are satisfied that we are capable of carrying on our business independently from GAIG and its close associates after the Listing.

Management Independence

Our business is managed and conducted by our Board and senior management. Our Board consists of nine Directors comprising one executive Director, five non-executive Directors, and three independent non-executive Directors. For more information, see "Directors and Senior Management".

Our Directors consider that our Board and senior management will function independently of GAIG and its close associates because:

- (a) each Director is aware of his/her fiduciary duties as a Director which require, among other things, that he/she acts for the benefit and in the interest of our Company and does not allow any conflict between his/her duties as a Director and his/her personal interests;
- (b) our daily management and operations are carried out by our experienced senior management team and overseen by our sole executive Director, Mr. Jiang:
 - (i) our sole executive Director, Mr. Jiang, and our senior management team have substantial experience in the industry in which our Company is engaged, and will therefore be able to make business decisions that are in the best interests of our Group;
 - (ii) our sole executive Director, Mr. Jiang has been a member of the executive committee of GAC as the representative of our Company since June 2019. The executive committee of GAC is advisory in nature, consisting of representatives from GAC, its subsidiaries, joint ventures and associate companies (including our Company). Mr. Jiang is our Company's representative in the executive committee of GAC. The functions of the executive committee of GAC are (a) discussing GAC's development strategies, and providing suggestions on GAC's annual business plan and mid- to long-term development plans; (b) exchanging experiences and sharing information among committee members. As a member of the executive committee of GAC, Mr. Jiang does not participate in the daily operation of

RELATIONSHIP WITH GAIG

GAC and does not receive any remuneration from GAC. Our senior management does not hold any executive or management position with GAIG and its close associates; and

- (iii) out of nine Directors of our Company, three non-executive Directors held directorship and/or management positions in GAIG and/or its close associates, namely Mr. Gao Rui, Ms. Xiao Yan and Mr. Liang Weiqiang. However, as non-executive Directors of our Company, they provide strategic advice to our Board and do not have any executive positions with, or remain involved in the day-to-day management and operations of, our Company's business;
- (c) we have three independent non-executive Directors appointed in accordance with the requirements under the Listing Rules and certain matters of our Company must always be referred to the independent non-executive Directors for review to ensure that the decisions of our Board are made only after due consideration of independent and impartial opinions;
- (d) except for three Directors holding directorship and/or management positions in GAIG and/or its close associates and Mr. Jiang, the other Directors have gained understanding on our Group's operation, as three out of five of them have extensive industry expertise, with the other two Directors having either worked in the company in the relevant industry or invested in the relevant industry. Those understandings of our Group and having relevant industry experience enable them to assess the transactions and potential conflict of interests between our Group and GAIG. For example, Mr. Zhong Xiangping, our non-executive Director, has been appointed as a Director since 2019 and is familiar with the operation of the Group. He also has over 19 years of experience in the intelligent network industry, and is the vice chairman of the Telematics Working Committee of Internet Society of China (中國互聯網協會車聯網工作委員會). Furthermore, Mr. Zhang Junyi, our independent non-executive Director, has extensive experience in the automotive business and is a member of the digitalization and intelligent manufacturing working committee of the China Society of Automotive Engineers (中國汽車工程學會數字化與智能製造工作委員會). Mr. Li Maoxiang, our independent non-executive Director, gained extensive experience in the automobile industry through his working experience at General Motors (China) Investment Co., Ltd. and investment in various companies in the automobile industry;
- (e) in the event that there is a potential conflict of interest arising out of any transaction to be entered into between our Group and our Directors or their respective close associates, the interested Director(s) shall declare the nature of such interest, abstain from voting, and not be counted in the quorum at the relevant Board meetings of our Company in respect of such transactions. In light of Mr. Jiang's position held in the executive committee of GAC, he confirmed that he will abstain from voting in Board meetings in respect of matters in relation to GAIG; and
- (f) we have adopted a series of corporate governance measures to manage conflicts of interest, if any, between our Group and GAIG and its close associates which would support our independent management. Specifically, to ensure all Directors have

RELATIONSHIP WITH GAIG

direct access to necessary information for their voting, our Company will establish a mechanism where our senior management should provide our Directors with sufficient analysis and reports about the transactions before the Board meetings. See “— Corporate Governance Measures” for further information.

Based on the above, our Directors believe that our Board as a whole and together with our senior management team is able to perform the managerial role independently from GAIG and its close associates.

Operational Independence

We have full rights to make business decisions and to carry out our business independently from GAIG and its close associates. On the basis of the following reasons, our Directors consider that our Company will continue to be operationally independent from GAIG and its close associates after the Listing:

- (a) we are not reliant on trademarks or patents owned by GAIG or its close associates;
- (b) we are the holder of all relevant licenses material to the operation of our business;
- (c) we have independent access to our users, customers and suppliers;
- (d) we have sufficient capital, facilities, equipment and employees to operate our business independently from GAIG and its close associates;
- (e) we have our own administrative and corporate governance infrastructure, including our own accounting, legal and human resources departments; and
- (f) save as disclosed in this section, none of GAIG or its close associates have any interests in any business which competes or is likely to compete with the business of our Group.

RELATIONSHIP WITH GAIG

In each period during the Track Record Period, GAIG was among both our five largest customers and our five largest suppliers. As a leading automobile conglomerate in China, GAIG is a crucial business partner for the establishment and development of our operations. The table below sets forth the details of transaction between GAIG and/or entities associated with GAIG and us during the Track Record Period which constituted our related party transactions:

Nature	Year ended December 31,			Pricing basis
	2021	2022	2023	
	<i>RMB in thousand</i>			
<i>Provision of services and products by our Group to GAIG and/or its associated entities</i>				
Lease of vehicles	330	27	–	Determined after arm's length negotiation with reference to market price
Provision of marketing services	2,942	928	–	Determined based on arm's length negotiation with reference to market price for similar services, the nature of service, business potential of service, etc.
Provision of technology services	1,065	–	22,871	Determined based on arm's length negotiation with reference to our manpower deployed, the nature of the service provided, the frequency of service, the expected transaction amount, the business potential of the service provided, etc.
Provision of ride-hailing services	554	816	1,377	Determined based on arm's length negotiation, taking into account the volume of service requested by GAIG and its associated entities as a whole, the business scale of GAIG and its associated entities, and the market price for our enterprise solutions, and in general shall be no less than that charged to customers who are Independent Third Parties with comparable transaction volume

RELATIONSHIP WITH GAIG

Nature	Year ended December 31,			Pricing basis
	2021	2022	2023	
	<i>RMB in thousand</i>			
Provision of vehicle maintenance services	–	14,413	12,644	Determined based on arm's length negotiation with reference to market price charged by OEMs and in general shall be no less than that charged to Independent Third Parties
Provision of other services	–	1,843	3,379	Determined based on arm's length negotiation with reference to market price for similar services, the nature of service, business potential of service, etc.
Sales of goods	263	1,982	73,225	In respect of sales of ride hailing related materials, consistent pricing policy for all customers including both GAIG and Independent Third Parties; in respect of sales of vehicle, determined based on arm's length negotiation with reference to market price charged by OEMs and shall be no less than that charged to Independent Third Parties; in respect of sales of automobile components, determined based on arm's length negotiation with reference to market price charged by OEMs and in general shall be no less than that charged to Independent Third Parties
<i>Purchase of services and products by our Group from GAIG and/or its associated entities</i>				
Purchase of drivers' management services	10,740	11,076	8,340	Adopting the same level of charge in each business line for car partners in the same city, and the same service fee rate as Independent Third Parties

RELATIONSHIP WITH GAIG

Nature	Year ended December 31,			Pricing basis
	2021	2022	2023	
	<i>RMB in thousand</i>			
Purchase of drivers' services ^{Note}	81,330	15,600	4,568	Adopting the same level of fees as those paid to drivers managed by car partners who are Independent Third Parties
Purchase of information technology support services	–	–	193	Determined by providers of such products and generally in line with that offered by Independent Third Parties
Purchase of goods	–	40,703	262,021	In respect of purchase of vehicles, the unit price of passenger vehicles shall be determined by manufacturers of passenger vehicles, whilst if available, we will compare the unit price offered by GAIG and/or its associated entities and that by Independent Third Parties, and will make the procurement from the better terms offered; in respect of sales of automobile components by GAIG and/or its associated entities to us, the price shall be determined by manufacturers of passenger vehicles and shall be in line with that offered by Independent Third Parties; in respect of others, determined after arm's length negotiation with reference to market price or price offered by Independent Third Parties
Purchase of operating equipment	11,687	1,047	52	Determined based on arm's length negotiations with reference to price offered by providers of such service and/or market price

RELATIONSHIP WITH GAIG

Nature	Year ended December 31,			Pricing basis
	2021	2022	2023	
	<i>RMB in thousand</i>			
Purchase of other services	–	962	3,785	Determined by providers of such service and shall be generally in line with that offered by Independent Third Parties
Lease of vehicle	307	57	–	Determined after arm's length negotiation with reference to market price

Note: As of the Latest Practicable Date, we have ceased payment of drivers' services fees through entities associated with GAIG and made settlement with drivers directly.

To continue our mutually beneficial cooperation with GAIG after the Listing, we have entered into the Products and Services Purchase and Provision Framework Agreement in respect of certain continuing connected transactions (as contemplated under Chapter 14A of the Listing Rules) which we expect to continue upon Listing. Please see the section headed "Connected Transactions" in this Prospectus for further details of, and the reasons for entering into, the Products and Services Purchase and Provision Framework Agreement. Our Directors are of the view that the foregoing business cooperation with GAIG is in the best interests of our Company and our Shareholders as a whole, taking into account the following factors: (i) since our Company was founded by GAC and Tencent Mobility, our Company has historically built up a close business relationship with GAIG and its associates, and the Products and Services Purchase and Provision Framework Agreement will enable us to continue the business relationship with GAIG and its associates; (ii) since our mobility service business and automobile business of GAIG and its associates are inextricably linked together in multiple aspects, our Company's business and those of GAIG and its associates are highly complementary and beneficial to each other; considering GAIG's leading position in the research and development, manufacturing and sales of automobiles, it is natural and in the best interests of the Company to cooperate with GAIG; and (iii) according to Frost & Sullivan, the collaboration between mobility platforms and OEMs is a mutually beneficial relationship. The OEMs provide customized vehicles and technical support, enabling the platform to deliver high-quality services. In return, the platform offers market expansion opportunities, and valuable market insights for the OEMs' product development, including but not limited to Robotaxi initiatives. This partnership drives business growth and industry development.

In each of the three years ended December 31, 2023, the transaction amount relating to products and services purchased by GAIG and its associates from us under the Products and Services Purchase and Provision Framework Agreement (being the continuing connected transactions that we expect to continue upon Listing) was RMB1,887 thousand, RMB16,076 thousand and RMB110,856 thousand, respectively, accounting for 0.19%, 1.17% and 5.13% of the Group's total revenue for the years ended December 31, 2021, 2022 and 2023, respectively. In each of the three years ended December 31, 2023, the transaction amount relating to products and services provided by GAIG and its associates to us under the Products and

RELATIONSHIP WITH GAIG

Services Purchase and Provision Framework Agreement was RMB11,094 thousand, RMB48,898 thousand and RMB240,091 thousand, respectively, accounting for 0.88%, 3.23% and 10.39% of the Group's total costs for the years ended December 31, 2021, 2022 and 2023, respectively. We believe that we will be able to maintain the aggregate amounts of the continuing connected transactions with GAIG and its associates at a reasonable percentage level with respect to our total revenue or costs after the Listing. In addition, we have been engaged, and will continue to be engaged in, all forms of cooperation with other business partners that are independent of GAIG. Therefore, our Directors believe that the connected transactions with GAIG will not give rise to any business dependence or reliance issues between our Company and GAIG.

Based on the above, our Directors believe that we are able to operate independently of GAIG and its close associates.

Financial Independence

We have independent internal control and accounting systems. We also have an independent finance department responsible for discharging the treasury function and making financial decisions based on our Group's needs, and an independent audit and legal department responsible for our internal compliance and audit work of our Company's day-to-day operations. We are capable of obtaining financing from third parties, if necessary, without reliance on GAIG and its close associates.

No loans or guarantees provided by, or granted to, GAIG or its close associates were outstanding as at the Latest Practicable Date.

Based on the above, our Directors are of the view that they and our senior management are capable of carrying on our business independently of, and do not place undue reliance on, GAIG and its close associates after the Listing.

BUSINESS DELINEATION WITH GAIG

Our Principal Business

Our Group is principally engaged in the provision of mobility services including ride-hailing, Robotaxi and other services provided on our online platform, technology services, fleet sale and maintenance covering sales of vehicles and spare parts, maintenance and repair services.

Principal Business of GAIG

GAIG is principally engaged in enterprise management. GAC, which is held by GAIG as to 52.51% is principally engaged in research and development, manufacturing and sales of vehicles (including motorcycles) and their parts and components, and provision of commercial

RELATIONSHIP WITH GAIG

services, financial services and mobility transportation. GAC also conducts manufacturing and sales of passenger vehicles through joint ventures with partners including Toyota, Honda and Mitsubishi. All such joint ventures are close associates of GAIG.

Delineation of Business

There is a clear delineation between our principal businesses and those of GAIG and its close associates. Notwithstanding GAIG through GAC sells passenger vehicles and provides vehicle maintenance and repair services; our fleet sale and maintenance covering sales of vehicles and spare parts, maintenance and repair services are distinct from them in terms of business purpose, customer focus and business scale.

We tapped into the fleet sale and maintenance in April 2022, covering sales of vehicles and spare parts, maintenance and repair. We aspire to build a one-stop standardized automobile service platform and create an industry network with various industry partners, customers and drivers, which, in turn, enhances our ability to recruit and retain drivers. In particular, we leverage our relationship with automobile manufacturers to provide centralized vehicle sales to our car partners and drivers. We consolidate the demands of our car partners and drivers, and negotiate directly with automobile manufacturers for a collective deal.

Our revenue generated from fleet sale and maintenance amounted to RMB118.6 million and RMB320.4 million, respectively, in 2022 and 2023, among which revenue from the sales of vehicles accounted for 81.8% and 91.4%, respectively.

GAC conducts passenger vehicle sales business through sales outlets and online channels and related maintenance and repair services. As at December 31, 2021 and 2022, GAC, together with its joint ventures and associated enterprises, had 2,558 and 2,684 passenger vehicle 4S sales outlets in many provinces, autonomous regions and municipalities in the PRC, respectively. As at December 31, 2021, 2022 and 2023, we had 0, 1 and 2 sales outlets, respectively.

The following table sets out differences between our vehicles sales business under our fleet sale and maintenance and GAC's:

	Our passenger vehicle sales business	GAC's passenger vehicle sales business
Business purpose	Building a one-stop standardized automobile service platform to serve our car partners and drivers in our mobility services business	Selling self-manufactured passenger vehicles
Customer focus	Primarily serving our car partners and drivers	Not primarily serving a particular group of customers

RELATIONSHIP WITH GAIG

	Our passenger vehicle sales business	GAC's passenger vehicle sales business
Product portfolio	Based on our car partners' and drivers' needs, we offer various brands of vehicles to them, including GAC branded vehicles and other brands	Vehicles manufactured by subsidiaries and joint ventures of GAC
Sales area	Currently in Guangzhou City and Foshan City, Guangdong Province, the PRC and will expand to cities with our mobility service operations	In many provinces, autonomous regions and municipalities in the PRC
Sales channel	Direct sales to our car partners and drivers	Offline and online
Source of vehicles	Purchasing from car manufacturers including GAC and other car manufacturers and authorized resellers	Vehicles manufactured by subsidiaries and joint ventures of GAC

Our fleet sale and maintenance business, while it is ancillary to our mobility service, only contributed immaterial revenue to our Group during the Track Record Period. The table below sets out revenues generated from our passenger vehicle sales business and vehicle maintenance and repair service and the passenger vehicle sales business of GAC Group and GAC's important joint ventures, and their respective percentages to total revenue of our Group and GAC Group, for the three years ended December 31, 2023:

	For the year ended December 31,					
	2021		2022		2023	
	Revenue	% of total revenue	Revenue	% of total revenue	Revenue	% of total revenue
	<i>(RMB in million except for percentages)</i>					
	<i>(unaudited)</i>					
Our Company's passenger vehicle sales business	nil	–	97 ⁽¹⁾	7.1%	293 ⁽²⁾	13.5% ⁽³⁾
Our Company's vehicle maintenance and repair services	nil	–	22	1.6%	27	1.3% ⁽³⁾

RELATIONSHIP WITH GAIG

	For the year ended December 31,					
	2021		2022		2023	
	Revenue	% of total revenue	Revenue	% of total revenue	Revenue	% of total revenue
	<i>(RMB in million except for percentages)</i>					
	<i>(unaudited)</i>					

GAC Group's passenger vehicle business ⁽⁴⁾	49,180	65.0%	78,672	71.5%	94,015	72.5%
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Notes:

- (1) Among RMB97 million, RMB32 million was attributable to the sales of vehicles that were procured from GAIG Group.
- (2) Among RMB293 million, RMB224 million was attributable to the sales of vehicles that were procured from GAIG Group.
- (3) Even though the Group plans to grow and expand its fleet sale and maintenance, we do not expect the percentage of revenue generated from fleet sale and maintenance to our total revenues would substantially increase in the years ending December 31, 2024, 2025 and 2026.
- (4) Financial information of passenger vehicle business of GAC Group and GAC's joint ventures with Toyota, Honda and Mitsubishi is extracted from its annual reports published on the Stock Exchange; in addition, as disclosed in GAC's annual reports, GAC's joint ventures with Toyota, Honda and Mitsubishi generated revenue of RMB252,546 million and RMB282,902 million for the two years ended December 31, 2022, respectively. For the year ended December 31, 2023, GAC's joint ventures with Toyota and Honda generated revenue of RMB246,397 million. In 2023, GAC acquired 50% of the equity interests of its joint venture with Mitsubishi. Upon completion, such joint venture became a subsidiary of GAC, and its financial information was included in the GAC's consolidated financial information. The financial information of vehicle maintenance and repair services of GAC Group is not disclosed in its annual reports published on the Stock Exchange, and is therefore not available to us. Given that the revenue generated from vehicle maintenance and repair services of GAC Group is immaterial to its total revenue and such services are ancillary in nature, we believe the non-disclosure of the financial information of vehicle maintenance and repair services of GAC Group will not materially affect the analysis of competition between our Group and GAC Group.

The table below sets out the number of stores and number of vehicles sold by our Company and GAC and its joint ventures for the three years ended December 31, 2023:

	For the year ended December 31,					
	2021		2022		2023	
	Number of stores	Number of vehicles sold	Number of stores	Number of vehicles sold	Number of stores	Number of vehicles sold
Our Company	0	0	1	946	2	2,823
GAC and its joint ventures ⁽¹⁾	2,558	2.14 million	2,684	2.43 million	2,645	2.51 million

Note:

1. The number of vehicles sold by GAC and its joint ventures is extracted from its annual reports published on the Stock Exchange.

RELATIONSHIP WITH GAIG

Based on the differences in terms of business model between our Group and GAC, our Directors are of the view that there is a clear delineation between the respective businesses of our Group and GAC, and do not expect there to be any material competition between the Group and GAC in the near future. As a result, our Directors do not expect there to be competition, directly or indirectly, between our Group and GAC in any material respects.

CORPORATE GOVERNANCE MEASURES

Our Company and Directors are committed to upholding and implementing the highest standards of corporate governance and recognize the importance of protecting the rights and interests of all Shareholders, including the rights and interests of our minority Shareholders. Our Company will comply with the provisions of the Corporate Governance Code in Appendix C1 to the Listing Rules (the “**Corporate Governance Code**”), which sets out principles of good corporate governance.

Our Directors recognize the importance of good corporate governance in protection of our Shareholders’ interests. We would adopt the following measures to safeguard good corporate governance standards and to avoid potential conflict of interests between our Group and GAIG:

- (a) under the Articles, where a Shareholders’ meeting is to be held for considering proposed transactions in which GAIG or any of its close associates has a material interest, GAIG or its close associates will not vote on the relevant resolutions;
- (b) our Company has established internal control mechanisms to identify connected transactions. Upon the Listing, if our Company enters into connected transactions with GAIG or its close associates, our Company will comply with the applicable Listing Rules;
- (c) a Director with material interests shall make full disclosure in respect of matters that may have conflict or potentially conflict with any of our interest, abstain from the board meetings on matters in which such Director or his/her associates have a material interest, and not be counted in the quorum in the relevant Board meeting, unless the attendance or participation of such Director at such meeting of the Board is specifically requested by a majority of the independent non-executive Directors;
- (d) the independent non-executive Directors will review, on an annual basis, whether there are any conflicts of interests between the Group and GAIG and provide impartial and professional advice to protect the interests of our minority Shareholders;
- (e) GAIG will undertake to provide all information necessary, including all relevant financial, operational and market information and any other necessary information as required by the independent non-executive Directors for the purpose of their annual review;
- (f) our Company will disclose decisions on matters reviewed by the independent non-executive Directors either in its annual reports or by way of announcements as required by the Listing Rules;

RELATIONSHIP WITH GAIG

- (g) where our Directors reasonably request the advice of independent professionals, such as financial advisors, the appointment of such independent professionals will be made at our Company's expense;
- (h) we have appointed Maxa Capital Limited as our compliance advisor to provide advice and guidance to us in respect of compliance with the applicable laws and regulations, as well as the Listing Rules, including various requirements relating to corporate governance; and
- (i) we have established our audit committee, remuneration committee and nomination committee with written terms of reference in compliance with the Listing Rules and the Corporate Governance Code.

Based on the above, our Directors are satisfied that sufficient corporate governance measures have been put in place to manage conflicts of interest that may arise between our Group and GAIG, and to protect our minority Shareholders' interests after the Listing.

SUBSTANTIAL SHAREHOLDERS

SUBSTANTIAL SHAREHOLDERS

So far as our Directors are aware, as of the Latest Practicable Date, immediately following the completion of the Global Offering, assuming the Share Cancellation has been completed and all Preferred Shares have been converted into the Shares on a one-to-one basis, the following persons will have interests and/or short positions (as applicable) in the Shares or underlying shares of our Company that (a) would fall to be disclosed to the Company and the Stock Exchange pursuant to the provisions of Divisions 2 and 3 of Part XV of the SFO; or (b) will be, 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:

Interests in Shares of our Company

Name of Shareholder	Nature of interest	Number of Shares held	Approximate percentage of shareholding of the Shares in our Company ⁽¹⁾
GAIG ⁽²⁾	Beneficial owner	46,302,391	22.68%
	Interest in controlled corporation	26,202,774	12.84%
GAC ⁽²⁾	Interest in controlled corporation	26,202,774	12.84%
China Lounge ⁽²⁾	Beneficial owner	26,202,774	12.84%
Tencent Mobility Limited ⁽³⁾	Beneficial owner	32,396,688	15.87%
Tencent Holdings Limited ⁽³⁾	Interest in controlled corporation	32,396,688	15.87%

Notes:

- (1) Assuming the Share Cancellation has been completed and all Preferred Shares have been converted into the Shares on a one-to-one basis immediately upon the completion of the Global Offering.
- (2) China Lounge is wholly owned by GAC, a company listed on the Stock Exchange (stock code: 02238) and the Shanghai Stock Exchange (stock code: 601238), which is, in turn, owned as to 52.51% by GAIG. By virtue of the SFO, each of GAC and GAIG is deemed to be interested in the Shares in which China Lounge is interested in.
- (3) Tencent Mobility Limited is a wholly-owned subsidiary of Tencent Holdings Limited, a company listed on the Stock Exchange (stock code: 00700). By virtue of the SFO, Tencent Holdings Limited is deemed to be interested in the Shares in which Tencent Mobility Limited is interested in.

SUBSTANTIAL SHAREHOLDERS

Except as disclosed above, our Directors are not aware of any other person who will, immediately following the completion of the Global Offering (assuming that the Over-allotment Option is not exercised and all Preferred Shares have been converted into the Shares on a one-to-one basis immediately upon the completion of the Global Offering), have any interest and/or short positions in the Shares or underlying shares of our Company which would fall to be disclosed to the Company 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. Our Directors are not aware of any arrangement which may at a subsequent date result in a change of control of our Company or any other member of our Group.

SHARE CAPITAL

SHARE CAPITAL

As of the Latest Practicable Date, the authorized and issued share capital of our Company is as follows:

(i) Authorized Share Capital

Description of Shares	Number of Shares	Approximate aggregate nominal value of Shares (US\$)
Ordinary Shares of a par value of US\$0.0005 each	383,151,607	191,575.80
Series A Preferred Shares of par value of US\$0.0005 each	68,357,137	34,178.57
Series B Preferred Shares of par value of US\$0.0005 each	<u>28,491,256</u>	<u>14,245.63</u>
Total	<u><u>480,000,000</u></u>	<u><u>240,000</u></u>

(ii) Issued Share Capital

Description of Shares	Number of Shares	Approximate aggregate nominal value of Shares (US\$)
Ordinary Shares of a par value of US\$0.0005 each	100,000,000	50,000
Series A Preferred Shares of par value of US\$0.0005 each	48,274,535	24,137.27
Series B Preferred Shares of par value of US\$0.0005 each	<u>27,669,969</u>	<u>13,834.98</u>
Total	<u><u>175,944,504⁽¹⁾</u></u>	<u><u>87,972.25</u></u>

SHARE CAPITAL

Assuming the Share Cancellation has been completed and all Preferred Shares have been converted into the Ordinary Shares on a one-to-one basis, the issued share capital of our Company immediately following the completion of the Global Offering will be as follows:

Description of Shares	Number of Shares	Approximate aggregate nominal value of Shares (US\$)	Approximate percentage of issued share capital of our Company (%)
Shares in issue immediately before the Global Offering	174,109,052 ⁽¹⁾	87,054.53	85.30
Shares to be issued under the Global Offering	<u>30,004,800</u>	<u>15,002.40</u>	<u>14.70</u>
Total	<u><u>204,113,852</u></u>	<u><u>102,056.93</u></u>	<u><u>100.00</u></u>

Note:

- (1) A total number of 1,835,452 Ordinary Shares held by Zhixing BVI and Zhixing Jovial I Limited will be surrendered and cancelled for no consideration immediately prior to the Listing.

ASSUMPTIONS

The above table assumes that the Global Offering becomes unconditional, the issuance of Shares pursuant to the Global Offering is made as described herein and each of the Preferred Shares are converted into Ordinary Shares on a one-to-one basis. The table above also does not take into account any Shares that may be issued or repurchased by Our Company under the general mandate granted to our Directors as referred to below.

RANKING

All Preferred Shares will be converted into Ordinary Shares on a one-on-one basis immediately upon the completion of the Global Offering. The Offer Shares will rank pari passu in all respects with all Shares currently in issue or to be issued as mentioned in this Prospectus, and will qualify and rank equally for all dividends or other distributions declared, made or paid on the Shares on a record date which falls after the date of this Prospectus.

SHARE CAPITAL

ALTERATIONS OF CAPITAL

Pursuant to the Cayman Companies Act and the terms of the Articles of Association, our Company may from time to time by ordinary resolution of shareholders (i) increase its capital; (ii) consolidate and divide all or any of its share capital into Shares of a larger amount; (iii) subdivide its existing Shares, or any of them, into Shares of a smaller amount; and (iv) cancel any shares which have not been taken. In addition, our Company may, subject to the provisions of the Cayman Companies Act, reduce its share capital and any capital redemption reserve by its shareholders passing a special resolution. See “Summary of the Constitution of the Company and Cayman Islands Company Law – Summary of the Constitution of Our Company – 2. Articles of Association – 2.4 Alteration of Capital” in Appendix III to this Prospectus for further details.

GENERAL MANDATE TO ISSUE SHARES

Subject to the Global Offering becoming unconditional, our Directors have been granted a general unconditional mandate to allot, issue and deal with the Shares with a total nominal value of not more than the sum of:

- (i) 20% of the aggregate nominal value of the Shares in issue immediately following completion of the Global Offering (excluding the treasury shares (as defined in the Listing Rules), if any); and
- (ii) the aggregate nominal value of Shares repurchased by Our Company under the authority referred to in the paragraph headed “— General Mandate to Repurchase Shares” in this section.

This general mandate to issue Shares will expire at the earliest of:

- (i) 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;
- (ii) the expiration of the period within which our Company’s next annual general meeting is required by the Articles of Association or any other applicable laws to be held; or
- (iii) the time when it is varied or revoked by an ordinary resolution of our Shareholders in general meeting.

See “Statutory and General Information – A. Further information about our Group – 4. Resolutions of the Shareholders of our Company dated June 26, 2024” in Appendix IV to this Prospectus for further details of the general mandate.

SHARE CAPITAL

GENERAL MANDATE TO REPURCHASE SHARES

Subject to the Global Offering becoming unconditional, our Directors have been granted a general unconditional mandate to exercise all the powers of our Company to repurchase our own securities with nominal value of up to 10% of the aggregate nominal value of our Shares in issue immediately following the completion of the Global Offering (excluding the treasury shares (as defined in the Listing Rules), if any).

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 are recognized by the SFC and the Stock Exchange for this purpose), and which are in accordance with the Listing Rules. A summary of the relevant Listing Rules is set out in “Statutory and General Information – A. Further information about our Group – 5. Repurchase of Our Own Securities” in Appendix IV to this Prospectus.

This general mandate to repurchase Shares will expire at the earliest of:

- (i) 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;
- (ii) the expiration of the period within which our Company’s next annual general meeting is required by the Articles of Association or any other applicable laws to be held; or
- (iii) the time when it is varied or revoked by an ordinary resolution of our Shareholders passed in a general meeting.

See “Statutory and General Information – A. Further information about our Group – 4. Resolutions of the Shareholders of our Company dated June 26, 2024” in Appendix IV to this Prospectus for further details of the repurchase mandate.

PRE-IPO EQUITY INCENTIVE PLAN

Our Company has adopted the Pre-IPO Equity Incentive Plan. See “Statutory and General Information – D. Share Incentive Scheme” in Appendix IV to this Prospectus for further details.

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You should read the following discussion and analysis in conjunction with consolidated financial statements, including the notes thereto set out in “Appendix I – Accountants’ Report” to this Prospectus and the selected historical financial information presented elsewhere in this Prospectus. Our consolidated financial statements were prepared in accordance with IFRSs.

The following discussion and analysis contain forward-looking statements that involve risks and uncertainties. These statements are based on assumptions and analysis that we make considering our experience and perception of historical trends, current conditions and expected future developments, as well as other factors we believe are appropriate under the circumstances. However, our actual results may differ significantly from those projected in the forward-looking statements. Factors that might cause future results to differ significantly from those projected in the forward-looking statements include, but are not limited to, those discussed in “Risk Factors,” “Forward-Looking Statements” and elsewhere in this Prospectus.

OVERVIEW

We are a mobility service company in China primarily offering ride-hailing services. In 2021, 2022 and 2023, our revenue from ride-hailing services accounted for 99.2%, 91.0% and 83.9% of our total revenue, respectively. According to Frost & Sullivan, our mobility services ranked second in the Greater Bay Area with a market share of 5.6% in terms of GTV in 2023. We serve and connect various participants of the mobility industry including the riders, drivers, automobile OEMs, vehicle service providers and autonomous driving solution providers. We offer (i) mobility services; (ii) technology services, primarily AI data and model solutions, and high-definition (HD) maps; and (iii) fleet sale and maintenance where we offer a full suite of support for drivers and car partners. We have derived the most revenue from providing ride-hailing services since our establishment, and after years of dedication to quality services, we have established a broad and expanding user base and extensive invaluable use case information, benefiting the development of other business segments. The extensive rider base and behavior data accumulated in our ride-hailing services provide a wealth of use case information for our technology services. In 2022, we started to provide fleet sale and maintenance, where we leverage our integrated industry resources to provide a full suite of vehicle and driver support solutions.

We are dedicated to delivering efficient and high-quality services in a broad geographic region. As of December 31, 2021, 2022 and 2023, the number of cities where we operated were six, 18 and 24, respectively. As of the same dates, the number of foothold cities were five, seven and nine, respectively, the majority of which are in the Greater Bay Area. Our mobility service GTV increased from RMB1,347.4 million in 2021 to RMB1,795.6 million in 2022, and further to RMB2,741.0 million in 2023, representing a CAGR of 42.6%. We plan to continuously expand our operations into other cities outside the Greater Bay Area through the implementation of our geographical expansion strategy.

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We experienced robust growth during the Track Record Period. Our revenue increased by 35.0% from RMB1,013.5 million in 2021 to RMB1,368.4 million in 2022 and further increased by 57.9% to RMB2,161.1 million in 2023.

BASIS OF PRESENTATION

Our Company was incorporated as an exempted company with limited liability in the Cayman Islands on April 30, 2019. Our historical financial information has been prepared in accordance with the IFRSs issued by the IASB and is presented in Renminbi. Our historical financial information has been prepared under the historical cost basis, except for the financial assets measured at fair value through profit or loss, which have been measured at fair value.

During the Track Record Period, certain of our Group's businesses were conducted through Qichen Technology and its subsidiaries. On July 10, 2019, Chenqi Mobility, an indirect wholly-owned subsidiary of our Company (the "WFOE"), entered into a series of contractual arrangements with Qichen Technology and its registered shareholders (the "Contractual Arrangements"). The details of the Contractual Arrangements are set out under the section headed "Contractual Arrangements" of the prospectus. The Contractual Arrangements, taken as a whole, enable the WFOE to have effective control over Qichen Technology and obtain substantially all of the economic benefits of Qichen Technology. Accordingly, Qichen Technology and its subsidiaries were regarded as controlled subsidiaries of our Group and the financial position and results of operations of Qichen Technology and its subsidiaries were consolidated into the historical financial information of our Group during the Track Record Period.

The preparation of historical financial statements in conformity with IFRSs requires the use of certain critical accounting estimates. It also requires our management to exercise their 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 were significant to our historical financial information, were disclosed in Notes 2 and 3 to the Accountants' Report included in Appendix I to this prospectus.

MAJOR FACTORS AFFECTING OUR RESULTS OF OPERATIONS

Our results of operations have been, and are expected to continue to be, materially affected by a number of factors, some of which are outside of our control. These factors include, but are not limited to, the following:

General Factors Affecting Our Results of Operations

General Economic Conditions and Market Trends

With the growth of China's economy, there are enormous opportunities and continual growth potential in the smart mobility market, autonomous driving technology service market and smart mobility fleet sale and maintenance market in China. For example, according to

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Frost & Sullivan, the size of the smart mobility market in China reached RMB319.4 billion in 2023, which is expected to further increase to RMB1,535.2 billion in 2030, representing a CAGR of 17.1% from 2023 to 2030. Our results of operations are largely affected by various factors affecting these markets in China, particularly in the Greater Bay Area, where we have a strong business presence. Such factors include the overall condition of the economy, changes in mobility demands and preferences of riders, technology advancement (such as big data analytics, IoT and AI technologies) and the evolving regulatory environment. Changes in such factors may result in the growth or decline of the demands in the markets where we are exploring more business opportunities. Our ability to anticipate and respond to potential changes in the industry trends will have a considerable impact on our future performance.

Regulatory Environment

Our business and results of operations are affected by policies and laws and regulations applicable to the industry in which we operate. In recent years, the governments in China at various levels have been focusing on the orderly development of the mobility service market and implemented a series of policies, laws and regulations to regulate the industry. For example, in July 2016, the MOT, together with other relevant authorities, jointly promulgated the Interim Measures for the Management of Online Ride-Hailing Operation and Service (《網絡預約出租汽車經營服務管理暫行辦法》) (the “**Online Ride-Hailing Measures**”), which regulates the business activities of ride-hailing services to ensure the safety of passengers by establishing a regulatory system for the mobility platforms, vehicles and drivers engaged in ride-hailing services. In addition, in February 2022, the MOT, together with other relevant authorities, jointly promulgated the Notice on the Joint Regulation of the Whole Chain and Process for the Online Ride-Hailing Industry (《關於加強網絡預約出租汽車行業事前事中事後全鏈條聯合監管有關工作的通知》), which further strengthened the supervision jointly conducted by different government departments at various levels in China. See “Regulatory Overview.” New laws and regulations issued by the governments in China may increase our compliance costs and impact our business and results of operations.

Competition

The smart mobility market is highly competitive in China, featuring rapid technological advancements, constantly evolving user preferences and frequent introduction of new services that better cater to riders’ needs. To maintain our competitive position, we must scale up our operations by retaining and attracting riders, through providing superior rider experience, and enhancing our safety control mechanisms. Our ability to maintain competitive reputation, popularity, price, performance and reliability in comparison to our competitors will also impact our market position. As we expand our business and increase market share, competitors with greater resources or strategic advantages pose a significant challenge to our sustainable growth. Our competitors may have greater financial, technical, marketing, research and development and other resources, stronger brand recognition, longer operating history or a larger user base than we do in the markets where we operate. They may be able to invest greater resources in promotion and marketing for their services, expanding their offerings and offering more rider

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and driver incentives, which could adversely affect our competitiveness. We expect competition to continue, both from current well-established competitors and from new entrants into the market, who may become significant competitors in the future.

Impact of COVID-19

The outbreak of COVID-19 severely impacted China and the world from early 2020 onwards. In order to contain the virus, precautionary and control measures such as business and workplace closures, travel restrictions, social distancing measures and emergency quarantines were implemented in regions affected by the pandemic. As a result, the COVID-19 pandemic posed an unprecedented challenge for mobility service companies in China, with the outbreak adversely affecting the demand for mobility services. Our mobility services were particularly affected by the COVID-19 pandemic in 2021 and 2022. In 2022, resurgences of the pandemic occurred sporadically across China, including the Greater Bay Area where we primarily operate our business. Notwithstanding the impact of the COVID-19 pandemic in 2022, we managed to record growth from our ride-hailing services, primarily attributable to: (i) we experienced a period of rapid business expansion; in particular, we commenced operations in more cities in the middle and second half of 2021, which contributed to our solid revenue growth in 2022; (ii) our active expansion into new cities to extend our rider base; (iii) our commitment to improving service quality, such as ensuring our drivers comply with relevant health requirements, which enhanced customer trust; and (iv) the decrease in incentives to customers per order, attributable to our more prudent customer incentive policy.

Save for the above-mentioned business disruptions, we did not encounter any other material adverse impact on our business operations caused by the COVID-19 pandemic during the Track Record Period. As a technology company, most of our core functions can be performed remotely. Our employees may work from home using computers to perform their tasks and communicate with each other via conference calls and other instant communication means.

We expect that our business will not be severely disrupted in the long run. Following the lift of restrictive measures in China in December 2022, economic activities have begun to recover and returned to normal nationwide since January 2023. As a result, the demand and supply of mobility services have gradually recovered. According to Frost & Sullivan, the overall market conditions of mobility services in China have returned to pre-COVID-19 level in terms of demand and supply. The daily average order volume of ride-hailing services in China were approximately 21.0 million in 2019, which reached 24.9 million in 2023, according to the same source. In 2023, benefiting from our established brand recognition in our existing markets and our loyal user base, our ride-hailing business has resumed normalcy. The GTV of our ride-hailing services increased by 54.5% from RMB1,756.9 million in 2022 to RMB2,714.0 million in 2023, and the order volume of our ride-hailing services increased by 47.6% from 66.0 million in 2022 to 97.3 million in 2023.

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Based on the foregoing, our Directors are of the view that the COVID-19 pandemic did not have any material adverse impact on our business and results of operations during the Track Record Period and up to the Latest Practicable Date. However, we cannot be entirely certain as to when the impact of the COVID-19 pandemic will be completely alleviated. Any prolonged outbreak of the COVID-19 may adversely affect our business and financial performance. We are closely monitoring the development of the COVID-19 pandemic, as well as other health pandemics, natural disasters and extraordinary events, and continuously evaluate any potential impact on our business, results of operations and financial condition. See “Risk Factors – Risks Relating to Our Business and Industry – Our business could be adversely affected by natural disasters, public health crises such as the COVID-19 pandemic, political crises, economic downturns or other unexpected events.”

Specific Factors Affecting Our Results of Operations

In addition to the general factors, we believe the following specific factors also have a significant impact on our results of operations.

Our Ability to Retain and Attract Users on Our Platforms

During the Track Record Period, the majority of our revenue was generated from ride-hailing services. In 2021, 2022 and 2023, revenue from ride-hailing services accounted for 99.2%, 91.0% and 83.9% of our total revenue, respectively. The revenue scale of our mobility services largely depends on the GTV and order volume of our ride-hailing services, which are mainly related to the scale of our user base that primarily comprises riders and drivers. As such, our ability to retain and attract users on our platforms is pivotal to our business growth. In 2021, 2022 and 2023, the number of the average monthly active riders of our mobility services amounted to 1,031.7 thousand, 1,203.8 thousand and 1,047.3 thousand, respectively. The decrease of the number of the average monthly active riders of our mobility services from 2022 to 2023 is primarily due to the significantly increasing number of orders from third-party mobility service platforms from 18.7 million in 2022 to 57.0 million in 2023, during which service costs of third-party mobility service platforms have been recognized in cost of revenue and we continuously optimized our cost structure, where we strategically reduced promotion and marketing expenses and incentives to riders with the aim of retaining a customer base that values the quality of our services, which resulted in an reduction of price-sensitive users on our platform. See “Business — Relationship with Industry Partners — Third-Party Mobility Service Platforms — Third-Party User Traffic Cooperation” for reasons of the increase in orders from third-party mobility service platforms. To attract riders and cultivate their stickiness and loyalty, we endeavor to improve our service quality and operational efficiency, expand our geographic coverage by extending our footprint into more cities, and conduct various promotional activities, including provision of rider incentives, encouragement of rider referrals, cross-industry promotional campaigns and on-the-ground promotional activities in commercial districts and transportation hubs to enhance our brand awareness.

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Apart from retaining and attracting riders, we also attach importance to establishing and expanding our driver base. With an adequate service fleet, we are able to maintain and steadily improve the response rate of our mobility services, which attracts more riders to place orders on our platforms. To maintain and expand our driver base, we provide transparent and holistic platform service to our drivers, which helps them achieve a more stable income and reduce vehicle maintenance costs. See “Business – Our Strengths – High-Quality Mobility Services.”

We provide incentives as a means of attracting new users from time to time. Incentives to riders for ride-hailing services are granted in the form of order discounts, which are net off from our revenue recorded thereunder. Incentives to drivers are granted upon completion of corresponding rides on our platforms, which are included in drivers’ service fee recognized as our cost of revenue. Moreover, we also grant incentives to riders for using our hitch services and referring our mobility services to new riders, which are recorded as referral incentives recognized as our selling and marketing expenses. See “— Material Accounting Policy Information, Judgments and Estimates – Revenue – Mobility Services Business – Incentives.” Going forward, we may strategically adjust our marketing approach based on our business performance and needs from time to time.

Our Ability to Diversify Our Revenue Sources

We endeavor to explore and diversify our revenue sources by leveraging our experience and resources accumulated through the operation of our mobility service platform, which we believe is crucial to our business growth. Since the commencement of our ride-hailing service in 2019, we have been dedicated to expanding our service offerings. Leveraging our core competencies as a mobility service provider, we launched the demonstrative commercialized hybrid operation of manned ride-hailing and Robotaxi services in 2022. In addition to mobility services, we also generated revenue from provision of technology services to our enterprise customers during the Track Record Period. Furthermore, in 2022, we tapped into the fleet sale and maintenance business, which covered sales of vehicles and spare parts, maintenance and repair.

During the Track Record Period, we primarily generated revenue from provision of mobility services, which comprised ride-hailing services and others. We also generated revenue from (i) technology services, primarily including AI data and model solutions, and high-definition (HD) maps, and (ii) fleet sale and maintenance, where we offer a full suite of support for drivers and car partners. Going forward, we plan to further expand our service offerings and improve our ability to diversify our business operations, thereby benefiting from the synergies between our different business segments and achieving sustained business growth. We expect to further promote the commercialization of Robotaxi. We also expect to diversify and monetize our offering of technology services, including AI data and model solutions, HD maps and others. As of the Latest Practicable Date, we had secured contracts for our technology services with a total contract value of RMB57.9 million. Furthermore, we aspire to build a one-stop standardized automobile service platform and create an industry network with various industry partners, riders and drivers.

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Our Ability to Manage Costs and Expenses

Our ability to effectively manage costs and expenses is crucial to our sustained business growth and results of operations.

Our cost of revenue amounted to RMB1,258.6 million, RMB1,514.3 million and RMB2,311.5 million in 2021, 2022 and 2023, accounting for 124.2%, 110.7% and 107.0% of our total revenue for the same periods, respectively. For example, from a driver's standpoint, leveraging the high-quality user traffic on our own platform and our diverse third-party mobility service platform partners, together with our scientific and balanced algorithms and dispatch mechanism, we offer drivers the opportunities to secure abundant trip orders, allowing them to harvest stable incomes. Moreover, we have developed a data analytical system that shows the order density heat map to drivers and suggests drivers to stay close to the area with more orders, which will help drivers by reducing the travel time to pickup location and order waiting time and will increase our response rate. Our response rate was 81.5%, 84.8% and 88.9% in 2021, 2022 and 2023, respectively, which is higher than the industry average, according to Frost & Sullivan. In addition, our fleet sale and maintenance provide drivers a full suite of services at lower price, such as vehicle purchase, vehicle maintenance and repair services, helping them to manage and optimize their cost structure which means drivers can keep their vehicles in good condition and reduce downtime, which might otherwise lead to a loss of income. The comprehensive support and services offered by us build trust among drivers, and when they feel supported and valued, they are more likely to remain active on our platform, leading to more consistent earnings. As a result of the aforementioned reasons, we have been able to enhance driver stickiness and control the offering of incentives to drivers. The incentives per order to registered drivers providing ride-hailing services decreased from RMB2.87 in 2021 to RMB1.71 in 2022, and further decreased to RMB1.46 in 2023, which is lower than the industry average, according to Frost & Sullivan. According to Frost & Sullivan, with the similar competitive landscapes in the existing and target new cities, our better-than-industry-average response rate and incentives per order paid to registered drivers demonstrate our ability to attract and retain drivers at more competitive costs, both in existing cities we operate and target new cities we plan to operate.

Our selling and marketing expenses amounted to RMB264.7 million, RMB231.4 million and RMB218.9 million in 2021, 2022 and 2023, accounting for 26.1%, 16.9% and 10.1% of our total revenue for the same periods, respectively. Our selling and marketing expenses decreased as a percentage of revenue throughout the Track Record Period, mainly because we continued enhancing our brand awareness. Through our geographical expansion strategy, we were able to enable the sustainable and effective expansion of our mobility services, facilitating our expansion from Guangzhou to the wider Greater Bay Area, and further to the neighboring regions. In addition, our premium service also helped us attract more riders by word-of-mouth reputation.

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Our general and administrative expenses amounted to RMB99.9 million, RMB106.8 million and RMB155.0 million in 2021, 2022 and 2023, accounting for 9.9%, 7.8% and 7.2% of our total revenue for the same periods, respectively. Our general and administrative expenses generally decreased as a percentage of our total revenue during the Track Record Period, primarily because we endeavored to refine our operation to achieve effective control over operations costs while improving operational efficiency.

Our results of operations and long-term growth prospects also depend on our ability to keep abreast of cutting-edge technologies and develop our platforms. Over the years, we have devoted a large amount of resources in the development and enhancement of technologies, core function modules of our platforms and our internal operation systems, which enable us to improve service quality, increase user stickiness and improve our operation efficiency. We believe our enhanced brand awareness, dedication in implementing our geographical expansion strategy, as well as the synergies across different business segments can help us better manage costs and expenses and improve operational efficiency.

Seasonality

We experienced seasonality in the operation of our mobility services during the Track Record Period, with typically lower levels of order volume in the first quarter due to the relatively less demand for mobility services in the cities where we operate during the Chinese New Year holidays as people have traveled back to their hometowns. We usually experience spikes in order volume in summer and winter during which seasons individuals typically have stronger demands for ride-hailing services. We expect this seasonal trend to continue in the future and our revenue to continue to fluctuate based on the seasonal factors that affect the mobility service market.

MATERIAL ACCOUNTING POLICY INFORMATION, JUDGMENTS AND ESTIMATES

We prepare our financial statements in accordance with IFRSs, which require us to make judgments, estimates and assumptions. The judgments we make and estimates and assumptions we use in applying our accounting policies have a significant impact on our financial position and operational results. Our management continuously evaluates such judgments, estimates and assumptions based on the most recent available information, past experience and other factors, including industry practices and expectations of future events which are deemed to be reasonable under the circumstances. There has not been any material deviation from our management's estimates or assumptions and actual results during the Track Record Period. We do not expect any material changes to these estimates and assumptions in the foreseeable future.

Set forth below are accounting policies, judgments and estimates which we believe are of critical importance to us in the preparation of our financial statements. Our material accounting policy information, judgments and estimates, which are important for understanding our financial condition and results of operations, are set forth in further detail in Notes 2 and 3 to the Accountants' Report included in Appendix I to this prospectus.

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Revenue

Income is classified by our Group as revenue when it arises from the provision of services or the sale of goods in the ordinary course of our Group's business.

Revenue is recognized when control over the service or good is transferred to the customer, at the amount of promised consideration to which our Group is expected to be entitled, excluding those amounts collected on behalf of third parties. In particular, revenue excludes value added tax and is after deduction of any trade discounts and sales rebates.

When another party is involved in providing services or goods to a customer, our Group determines whether the nature of its promise is a performance obligation to provide the specified services or goods itself (i.e., our Group is a principal) or to arrange for those services or goods to be provided by the other party (i.e., our Group is an agent). This determination is made by identifying each specified service or good promised to the customer in the contract and evaluating whether the entity obtains control of the specified service or good before it is transferred to the customer.

Our Group is a principal if it controls the right to the specified service that will be performed by another party, which gives our Group the ability to direct that party to provide the service on our Group's behalf, or obtains control of a good from another party that it then transfers to the customer.

Our Group is an agent if its performance obligation is to arrange for the provision of the specified service or good by another party. In this case, our Group does not control the specified service or good provided by another party before that service or good is transferred to the customer. When our Group acts as an agent, it recognizes revenue on a net basis in the amount of any fee or commission to which it expects to be entitled, which is the net amount of consideration that the entity retains after paying other parties.

Further details of our Group's income recognition policies are as follows:

Mobility Services Business

Ride-Hailing Services

Our Group provides ride-hailing services to riders by engaging our registered drivers via our own mobility service platform and cooperative third-party mobility service platforms where their riders can choose to place orders to us. See "Business — Access to Our Platform." Our Group has determined that our Group is the principal and views the riders as our customers in these ride-hailing services because our Group controls the services provided to riders. Among other things, our Group has control over the promised services before they are provided to the riders as it has the discretion to accept and reject orders from riders; our Group has the ability to assign and direct our registered drivers to deliver services on behalf of our Group; our Group sets the service standards and rules with which the registered drivers are obligated

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to comply when providing the services; our Group evaluates the performance of our registered drivers regularly against such standards and rules; our Group has the discretion in establishing the prices for the services and the fees to our registered drivers separately; and our Group is the party primarily responsible for fulfilling the services in accordance with the relevant regulations in the PRC and the service agreements.

Our Group recognizes revenue on a gross basis at the amount of ride service fees to which our Group is expected to be entitled upon the completion of the ride services. Service costs of third-party mobility service platforms, through which their riders placed orders to us, are recognized as cost of revenue.

Our Group also provides services to facilitate matching third-party ride-hailing service providers with ride orders received on our own mobility service platform. Under this scenario, our riders can choose to send orders to cooperative third-party platforms. See “Business — Mobility Service — Ride Hailing.” Our Group has determined that our Group is the agent for these services and views the third-party ride-hailing service providers as the customers, as our Group does not have the ability to assign and direct the drivers from third-party ride-hailing service providers to deliver the ride services. Our Group recognizes the service fee income at the amount charged to the third-party ride-hailing service providers. Our Group recognizes these service fee income at the point in time upon the completion of a ride order.

Robotaxi Services

Our Group also provides ride-hailing services to riders as a principal through our own autonomous vehicles, Robotaxis. Our Group recognizes revenue on a gross basis at the amount of ride service fees to which our Group is expected to be entitled upon the completion of the ride services.

Hitch Services

Our Group provides hitch services to facilitate matching private car owners with riders via our own mobility service platform and connecting to other hitch platforms. Our Group has determined that our Group is the agent for such services, as our Group does not have the ability to assign and direct the private car owners. Our Group recognizes revenue from these hitch services on a net basis. Our Group earns information service fees from private car owners, which our Group views as the customers and recognizes the information service fees upon the completion of a hitch trip.

Incentives

Our Group provides various types of incentives to riders and drivers, including discount coupons, direct payment deduction and discounts on services. The accounting policy for major incentives is described as follows.

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Incentives to Customers

Our Group records incentives to riders using ride-hailing services and private car owners providing hitch services, who are regarded as the customers of our Group, as a deduction of revenue, to the extent of the fees collected from the customers, as our Group does not receive a distinct service in exchange for the payment. When the amount of these incentives exceeds the revenue earned on an order by order basis, the excess is recorded in cost of revenue.

Incentives to Registered Drivers Providing Ride-Hailing Services

The incentives to registered drivers providing ride-hailing services are recognized as cost of revenue as they are part of our Group's fulfillment costs for completing the performance obligation under the ride-hailing services.

Incentives to Riders When Our Group Acts as an Agent

Our Group records incentives to riders in the services to facilitate matching third-party ride-hailing service providers with ride orders received or hitch services as selling and marketing expenses at the time they are redeemed by the riders.

User Referrals

Incentives earned by riders and drivers for referring new users to our Group are paid in exchange for a distinct service and are accounted for as customer acquisition costs. Our Group records such customer acquisition costs as selling and marketing expenses when incurred.

The following table sets forth the amount of incentives we offered during the periods indicated:

	Year ended December 31,		
	2021	2022	2023
	<i>(RMB in thousands)</i>		
	<i>(unaudited)</i>		
Incentives to customers	265,769	370,680	513,909
Incentives to registered drivers providing ride-hailing services	132,187	112,813	142,299
Incentives to riders when our Group act as an agent	8,337	865	397
User referrals	14,121	12,343	11,033

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Our incentives to customers were RMB265.8 million, RMB370.7 million and RMB513.9 million in 2021, 2022 and 2023, with incentives per order at RMB5.78, RMB5.62 and RMB5.28 for the same periods, respectively. Our incentives to customers per order demonstrated a general decreasing trend throughout the Track Record Period, primarily because we have been increasingly prudent in offering rider incentives, as we achieved penetration rate through enhancement of brand awareness and the implementation of our geographical expansion strategy. In addition, our enhanced cooperation with third-party mobility service platforms during the Track Record Period has enabled us to access a broader customer base, which in turn has decreased our user acquisition costs. In 2021, 2022 and 2023, incentives to customers represented 20.3%, 21.1% and 18.9%, respectively, of the GTV from our ride-hailing services during the same year, which is generally a downward trend, with a slight increase in 2022 primarily attributable to the impact of our geographic expansion.

Our incentives to registered drivers providing ride-hailing services were RMB132.2 million, RMB112.8 million and RMB142.3 million in 2021, 2022 and 2023, with incentives per order at RMB2.87, RMB1.71 and RMB1.46 for the same periods, respectively. The incentives to registered drivers providing ride-hailing services per order has decreased since 2021, primarily because we established and maintained a stable and robust driver fleet as we increased drivers' stickiness with us through our refined operations and dedication to offering drivers a variety of assistance and supports, which rendered us less reliant on incentives to attract and retain drivers.

Our incentives to riders when our Group act as an agent mainly related to our hitch services. Our incentives to riders when our Group act as an agent decreased from RMB8.3 million in 2021 to RMB0.9 million in 2022, and decreased to RMB0.4 million in 2023, primarily due to our strategic adjustment to our mobility services.

Our user referrals remained relatively stable at RMB14.1 million, RMB12.3 million and RMB11.0 million in 2021, 2022 and 2023, respectively.

During the Track Record Period, we achieved robust revenue growth and rapid expansion of business scale, benefiting from our strategies to offer abovementioned incentives. In the future, with our enhanced brand awareness and considerable penetration rate in markets where we operate, we expect to maintain a wide and loyal rider base and a professional service fleet, meanwhile we expect to control the growth of incentives and reduce the incentives as a percentage of revenue and cost, which will help us implement strategies to improve gross margin and achieve profitability in future. See "Business — Path to Profitability."

Technology Services Business

Technology services mainly include development of software, smart transportation solutions and other technical services during the Track Record Period. When the outcome of the contract can be reasonably measured, revenue from the contract is recognized over time during the development process based on the proportion of the actual costs incurred relative to the estimated total costs to provide a faithful depiction of the transfer of the service.

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Fleet Sale and Maintenance Business

Fleet sale and maintenance business mainly includes sales of vehicles and spare parts, and provision of repair and maintenance services.

Sales of Vehicles and Spare Parts

Revenue arising from the sale of goods is recognized when control of the goods has transferred according to respective agreed terms of delivery.

Repair and Maintenance Services

Revenue arising from repair and maintenance services is recognized as and when the service is rendered.

Practical Expedients

Our Group has taken advantage of the practical expedient in paragraph 63 of IFRS 15 and does not adjust the consideration for any effects of a significant financing component as the period of financing is 12 months or less.

Our Group has also applied the practical expedient of not disclosing the information related to the aggregated amount of the transaction price allocated to the remaining performance obligations for contracts that had an original expected duration of one year or less in accordance with paragraph 121(a) of IFRS 15.

Our Group has also applied the practical expedient in accordance with paragraph 94 of IFRS 15 and expenses customer acquisition costs as incurred because the amortization period would be one year or less.

Share-Based Payments

Our Group operates certain equity-settled share-based compensation plans, under which our Group receives services from employees as consideration for equity instruments of our Group.

The fair value of share awards granted to employees is recognized as an employee cost with a corresponding increase in the share-based payment reserve. The fair value is measured at grant date, taking into account the terms and conditions upon which the share awards were granted. Where the employees have to meet vesting conditions before becoming unconditionally entitled to the share awards, the total estimated fair value of the share awards is spread over the vesting period, taking into account the probability that the share awards will vest.

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During the vesting period, the number of share awards that is expected to vest is reviewed. Any resulting adjustment to the cumulative fair value recognized in prior years is charged/credited to the profit or loss for the period of the review, unless the original employee expenses qualify for recognition as an asset, with a corresponding adjustment to the share-based payment reserve. On vesting date, the amount recognized as an expense is adjusted to reflect the actual number of share awards that vest (with a corresponding adjustment to equity). The equity amount of share options is recognized in the capital reserve until either the option is exercised (when it is included in the amount recognized in share capital for the shares issued) or the option expires (when it is released directly to retained profits). The equity amount of restricted share units is recognized in the capital reserve until the share award is vested.

If new share awards are granted to employees and, on the date when those new share awards are granted, the entity identifies the new share awards granted as replacement share awards for the cancelled share awards, the entity shall account for the granting of replacement share awards in the same way as a modification of the original grant of share awards.

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 a modification reduces the fair value of the equity instruments granted, or is not otherwise beneficial to the employee, the Group continues to recognize the services received as a minimum measured at the original grant date fair value of the equity instruments granted (unless those equity instruments are forfeited) as if that modification had not occurred.

Convertible Redeemable Preferred Shares

Convertible redeemable preferred shares give rise to financial liabilities as they are redeemable upon the occurrence of certain triggering events which are beyond the control of both our Group and the preferred shareholders.

At initial recognition, the redemption liabilities resulting from the convertible redeemable preferred shares are measured at the present value of the redemption amount. Subsequent changes in the carrying amount of the redemption liabilities are recognized in profit or loss.

When the convertible redeemable preferred shares are converted into ordinary shares, the carrying amount of the financial liabilities is transferred to share capital and share premium.

Warrants and Related Loans

During the Track Record Period, our Company issued warrants to certain investors which give them the right to subscribe for the convertible redeemable preferred shares of our Company. In connection with the issuance of the warrants, the investors simultaneously provided loans to a subsidiary of our Group. Subject to completion of certain specified events, our Group shall repay the loans to the investors and the investors shall exercise the warrants and subscribe for the convertible redeemable preferred shares of our Company.

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In the consolidated financial statements, the warrants and related loans are aggregated and treated as a single financial instrument when there are sufficient indicators that the issuance of the warrants and related loans results, in substance, in a single financial instrument. The warrants and related loans, as a single financial instrument, give rise to financial liabilities as they are redeemable upon the occurrence of certain triggering events that are beyond the control of both our Group and the investors. At initial recognition, the redemption liabilities resulting from the warrants and related loans are measured at the present value of the redemption amount. Difference between the present value of the redemption amount and the consideration received for the issuance of warrants and related loans is recognized in equity. Subsequent changes in the carrying amount of the redemption liabilities are recognized in profit or loss.

Provision for Expected Credit Losses on Trade and Other Receivables

Our Group uses a provision matrix to calculate ECLs for trade and other receivables. The provision matrix is initially based on our Group's historical observed default rates. At the end of each of the reporting periods, the historical observed default rates are checked to determine whether they need to be updated and the changes to the forward-looking estimates are analyzed.

The assessment of the correlation among historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and forecast economic conditions. Our Group's historical credit loss experience and forecast of economic conditions may also not be representative of customers' actual default in the future.

Recognition of Deferred Tax Assets

Deferred tax assets in respect of tax losses and deductible temporary differences can only be recognized to the extent that it is probable that future taxable profits will be available against which the tax losses and deductible temporary differences can be utilized. Therefore, our judgment is required to assess the probability of future taxable profits. Our assessment is revised as necessary and additional deferred tax assets are recognized if it becomes probable that future taxable profits will allow the deferred tax asset to be recovered.

Control Assessment over Qichen Technology through Contractual Arrangements

As disclosed in note 2(c)(ii) to the Accountants' Report set out in Appendix I, our Directors have determined that our Group has control over Qichen Technology through the Contractual Arrangements notwithstanding that our Group does not have direct or indirect legal ownership in equity of Qichen Technology. Nevertheless, the Contractual Arrangements may not be as effective as direct legal ownership in providing our Group with direct control over Qichen Technology and uncertainties in the present legal system in the PRC could limit our Group's ability to enforce the Contractual Arrangements. Our Directors, based on the advice of our PRC Legal Advisor, consider that the Contractual Arrangements with Qichen Technology are legal, valid and binding under PRC laws. Accordingly, Qichen Technology and its subsidiaries were accounted for as controlled subsidiaries during the Track Record Period.

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CONSOLIDATED STATEMENTS OF PROFIT OR LOSS

The following table sets forth a summary of our consolidated statements of profit or loss for the periods indicated:

	Year ended December 31,		
	2021	2022	2023
	<i>(RMB in thousands)</i>		
Revenue	1,013,529	1,368,359	2,161,063
Cost of revenue	<u>(1,258,646)</u>	<u>(1,514,269)</u>	<u>(2,311,508)</u>
Gross loss	(245,117)	(145,910)	(150,445)
Other income	47,455	31,750	54,315
Selling and marketing expenses	(264,667)	(231,354)	(218,895)
General and administrative expenses	(99,860)	(106,772)	(154,979)
Research and development expenses	(116,623)	(105,401)	(118,943)
Credit loss on trade and other receivables	(872)	(3,905)	(2,203)
Other net loss	<u>(3,791)</u>	<u>(47)</u>	<u>(2,703)</u>
Loss from operations	(683,475)	(561,639)	(593,853)
Finance costs	(1,152)	(2,640)	(2,615)
Changes in the carrying amount of convertible redeemable preferred shares	–	(10,407)	(64,502)
Changes in the carrying amount of other financial liabilities issued to investors	<u>–</u>	<u>(52,097)</u>	<u>(31,824)</u>
Loss before taxation	(684,627)	(626,783)	(692,794)
Income tax	<u>–</u>	<u>–</u>	<u>–</u>
Loss for the year	<u>(684,627)</u>	<u>(626,783)</u>	<u>(692,794)</u>

NON-IFRS MEASURE

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

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We believe adjusted net loss (non-IFRS measure) provides useful information to investors and others in understanding and evaluating our results of operations in the same manner as they help our management. However, our presentation of adjusted net loss (non-IFRS measure) 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 IFRSs.

We define adjusted net loss (non-IFRS measure) as net loss for the year adjusted by adding back changes in the carrying amount of convertible redeemable preferred shares, changes in the carrying amount of other financial liabilities issued to investors, equity-settled share-based payments and listing expenses related to the Global Offering.

The following table reconciles our adjusted net loss (non-IFRS measure) for the periods presented in accordance with IFRSs, which is loss for the year:

	Year ended December 31,		
	2021	2022	2023
	<i>(RMB in thousands)</i>		
Reconciliation of loss for the year to adjusted net loss (non-IFRS measure):			
Loss for the year	<u>(684,627)</u>	<u>(626,783)</u>	<u>(692,794)</u>
Add:			
– Changes in the carrying amount of convertible redeemable preferred shares ⁽¹⁾	–	10,407	64,502
– Changes in the carrying amount of other financial liabilities issued to investors ⁽²⁾	–	52,097	31,824
– Equity-settled share-based payments ⁽³⁾	16,009	33,166	26,386
– Listing expenses ⁽⁴⁾	–	–	28,866
Adjusted net loss (non-IFRS measure)	<u>(668,618)</u>	<u>(531,113)</u>	<u>(541,216)</u>

Notes:

- (1) Changes in the carrying amount of convertible redeemable preferred shares mainly represent changes in the carrying amount of certain preferred shares we issued to investors pursuant to the financing agreements. All the convertible redeemable preferred shares will be re-designated from financial liabilities to equity as a result of the automatic conversion into our Shares upon the Listing.
- (2) Changes in the carrying amount of other financial liabilities issued to investors mainly represent changes in the carrying amount of the warrants we issued to certain investors for the right to the subscription of our convertible redeemable preferred shares and related loans provided by the investors.
- (3) Equity-settled share-based payments are non-cash employee benefit expenses incurred in connection with our award to key employees. Such expenses in any specific period are not expected to result in future cash payments.
- (4) Listing expenses mainly relate to the Global Offering.

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DESCRIPTION OF MAJOR COMPONENTS OF OUR RESULTS OF OPERATIONS

Revenue

During the Track Record Period, we generated revenue primarily from provision of mobility services, which comprise ride-hailing services and others. We also generated revenue from (i) technology services, and (ii) fleet sale and maintenance. We generated all of our revenue from the PRC during the Track Record Period.

The following table sets forth a breakdown of our revenue by business segments in amounts and as percentages of our total revenue for the periods indicated:

	Year ended December 31,					
	2021		2022		2023	
	Amount	%	Amount	%	Amount	%
	<i>(RMB in thousands, except for percentages)</i>					
Mobility services	1,012,464	99.9	1,249,768	91.3	1,814,133	84.0
– Ride-hailing services	1,005,188	99.2	1,244,956	91.0	1,812,133	83.9
– Others ⁽¹⁾	7,276	0.7	4,812	0.3	2,000	0.1
Technology services	1,065	0.1	–	–	26,545	1.2
Fleet sale and maintenance	–	–	118,591	8.7	320,385	14.8
Total	<u>1,013,529</u>	<u>100.0</u>	<u>1,368,359</u>	<u>100.0</u>	<u>2,161,063</u>	<u>100.0</u>

Note:

- (1) Others primarily consist of (i) Robotaxi services, (ii) hitch services, and (iii) marketing and promotion services.

Mobility Services

Our mobility services primarily comprise ride-hailing services, which contributed the most to our revenue from mobility services during the Track Record Period. Revenue from ride-hailing services is primarily derived from the ride fees we charge riders for using our ride-hailing services. The increase in the revenue of our ride-hailing services during the Track Record Period was primarily due to the significant increases in our ride-hailing GTV, which was mainly driven by our loyal and expanding rider base and the increased order volume.

From 2021 to 2022, we recorded an increase in the number of monthly active riders and order volume mainly because of (i) the growth of our business scale along with the expanding geographic coverage and increasing penetration rate in the existing markets as a result of the dedicated implementation of our geographical expansion strategy, (ii) our quality services and enhanced brand awareness, and (iii) a variety of promotion and marketing activities carried out by us to encourage interactions with existing and new riders.

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From 2022 to 2023, we recorded an increase in order volume, particularly an increase in the number of orders from third-party mobility service platforms from 18.7 million in 2022 to 57.0 million in 2023, resulting from (i) the mutual-beneficial relationships between third-party mobility service platforms and us, under which third-party mobility service platforms prefer to allocate more orders to service providers with competent and compliant service fleet, allowing them to achieve higher response rate and enhance rider experience, while we benefit from additional order volume and GTV, amplifying our brand awareness and providing our drivers with more orders and better income, especially in cities where we strive to enhance our presence. As a result, both third-party mobility service platforms and ourselves have been committed to deepening the cooperation to fulfill more orders generated under this model; and (ii) an increase in the number of third-party mobility service platforms with which we cooperated during the Track Record Period, particularly in the second half of 2022, during which we were granted greater access to the user traffic associated with these platforms, resulting a significant increment in the number of orders from third-party mobility service platforms. According to Frost & Sullivan, such increases are in line with the trend during recent years that ride-hailing service providers have been cooperating more closely with each other by fulfilling orders placed through other platforms. In addition, third-party mobility service platforms tend to prioritize their collaboration with service providers with better compliant record and competent driver fleet.

As of December 31, 2023, we have established mutually beneficial cooperations with 20 third-party mobility service platforms. As of December 31, 2021, 2022 and 2023, the number of foothold cities where we focused our operation were five, seven and nine, respectively, the majority of which were in the Greater Bay Area. Benefiting from the abovementioned measures, we were able to maintain a loyal user base.

Our other mobility services mainly comprise (i) Robotaxi services, (ii) hitch services, and (iii) marketing and promotion services. We expanded into hitch services in 2020 and started to commercialize Robotaxi operations in 2022. Our promotion and marketing services mainly focus on providing online advertising services to advertisers on our mobile apps and *Weixin* Mini Program. During the Track Record Period, revenue from other mobility services was primarily derived from one promotion and marketing project, which was completed in 2021. As such, revenue from other mobility services amounted to RMB7.3 million, RMB4.8 million and RMB2.0 million in 2021, 2022 and 2023, respectively, accounting for 0.7%, 0.3% and 0.1% of our total revenue for the same periods, respectively.

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Technology Services

Our technology services are categorized into (i) AI data and model solutions, (ii) HD maps, and (iii) other technology services, primarily including smart transportation solutions. Revenue from technology services amounted to RMB1.1 million, nil and RMB26.5 million in 2021, 2022 and 2023, respectively. We experienced fluctuations in revenue from our technology services during the Track Record Period, primarily due to (i) our operational strategy for technology services in 2021 and 2022 focusing on R&D to enhance our technological capabilities and competitive standing; (ii) the provision of technology services is project-based and driven by customer demand; and (iii) in 2023 we began to enhance our efforts in selling and marketing for technology services. We have accumulated technology and analytical capabilities in offering ride-hailing services, which we believe could help to address the needs of autonomous driving solution providers during their R&D and testing process. During the Track Record Period, we did not generate significant revenue from technology services as this business was at its early stage. We introduced our technology services mainly to the leading autonomous driving solution providers in China to strengthen our cooperation with them. With the fast growth of our mobility service business, we believe our technology capabilities would enable us to develop and expand our presence in this business area, thus securing more contracts under this segment. As of the Latest Practicable Date, we had secured contracts for our technology services with a total contract value of RMB57.9 million.

Fleet Sale and Maintenance

We started to provide our fleet sale and maintenance in April 2022 and we mainly derived revenue from the sales of vehicles and the service fees we charged for our maintenance and repair services provided under this segment. Revenue from fleet sale and maintenance amounted to nil, RMB118.6 million and RMB320.4 million in 2021, 2022 and 2023, respectively representing nil, 8.7% and 14.8% of total revenue during the same periods, mainly as we just started our fleet sale and maintenance in April 2022 and achieved rapid growth in 2023.

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Cost of Revenue

Our cost of revenue primarily consists of (i) drivers' service fee, which mainly represents driver earnings and incentives provided to drivers for completing orders, (ii) car leasing costs, (iii) management fees paid to car partners, which mainly represent fees paid to our car partners for the driver management services provided by them, (iv) IT service fees, which mainly represent service fees paid to providers for the operation and maintenance of data storage and servers, (v) cost of technology services, (vi) payment processing costs, (vii) service costs of third-party mobility service platforms, (viii) incentives to drivers for hitch services, (ix) depreciation and amortization, and (x) cost of auto service center, which mainly include procurement costs of vehicles related to our fleet sale and maintenance. The following table sets forth a breakdown of our cost of revenue by nature and as percentages of our total cost of revenue for the periods indicated:

	Year ended December 31,					
	2021		2022		2023	
	Amount	%	Amount	%	Amount	%
	<i>(RMB in thousands, except for percentages)</i>					
Drivers' service fee	1,177,283	93.5	1,289,603	85.2	1,794,833	77.6
Car leasing costs	588	0.0	144	0.0	30	0.0
Management fees paid to car partners	38,441	3.1	40,466	2.7	38,455	1.7
IT service fees	15,834	1.3	30,757	2.0	37,150	1.6
Cost of technology services	938	0.1	–	–	21,880	1.0
Payment processing costs	6,102	0.5	6,176	0.4	10,205	0.4
Service costs of third-party mobility service platform	6,910	0.5	26,894	1.8	95,517	4.1
Incentives to drivers for hitch services	6,534	0.5	–	–	–	–
Depreciation and amortization	3,859	0.3	6,661	0.4	6,059	0.3
Cost of auto service center	–	–	112,393	7.4	306,389	13.3
Others	2,157	0.2	1,175	0.1	990	0.0
Total	<u>1,258,646</u>	<u>100.0</u>	<u>1,514,269</u>	<u>100.0</u>	<u>2,311,508</u>	<u>100.0</u>

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During the Track Record Period, the largest component of our cost of revenue was drivers' service fee. Drivers' service fee increased during the Track Record Period, which was in line with the expansion of our business scale. Drivers' service fee decreased as a percentage of cost of revenue from 93.5% in 2021 to 85.2% in 2022, and further decreased to 77.6% in 2023, primarily due to (i) the decrease in incentives provided to drivers because of enhanced drivers' stickiness, which results from (a) the stable income leveraged by our abundant order resources and advanced matching algorithms, and (b) a range of vehicle purchase, maintenance, and repair services provided under fleet sale and maintenance, helping them to optimise their cost structure and strengthen their trust in our platform; and (ii) the increase in cost of auto service center in absolute amount and as a percentage of cost of revenue in the respective periods, resulting from the increased vehicle procurement costs of vehicles following the commencement of fleet sale and maintenance in 2022.

We recorded insignificant amounts of car leasing costs in 2021, 2022 and 2023, which were mainly related to other car leasing services we offered to enterprise customers. As of the Latest Practicable Date, we had ceased offering such car leasing services.

Management fees paid to car partners as a percentage of our total cost of revenue decreased during the Track Record Period, primarily due to the improved cost management and operational efficiency of our car partners. The average rate of management fees paid to our car partners remained stable at 3.5% in 2021 and 2022, and then decreased to 2.4% in 2023. See "Business – Relationship with Industry Partners – Car Partners." To improve our operational efficiency alongside the expansion of business scale of our mobility services, we developed our proprietary vehicle and driver management system and provided access to our car partners for free. In addition, we provided training to our car partners from time to time, assisting them to improve operating efficiency. Moreover, the vehicle sales and maintenance services offered under our fleet sale and maintenance helped our car partners reduce costs. Leveraging our unique industry resources and close relationships with automobile manufacturers, including GAC Group, we undertake centralized vehicle procurement for our car partners and drivers. We consolidate the demands of our car partners and drivers, and negotiate directly with automobile manufacturers for a collective deal, which is typically priced at a discount from prevailing market prices. We provide standardized maintenance and repair services and ancillary services, such as car wash and EV charging, to our car partners and certain individual car owners. See "Business – Our Service Offering – Fleet Sale and Maintenance."

IT service fees mainly represent service fees paid to providers for the operation and maintenance of data storage and servers. IT service fees increased from RMB15.8 million in 2021 to RMB30.8 million in 2022, and further increased to RMB37.2 million in 2023, mainly for the expansion of our business scale.

Cost of technology services represents cost of offering our technology services. Cost of technology services fluctuated during the Track Record Period, which was in line with the fluctuations in the revenue from technology services.

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Payment processing costs mainly represent service fees that third-party payment processors charge us (i) for orders placed by individual riders through our platforms, including mobile apps and Weixin Mini Program, and (ii) for orders placed through the third-party mobility service platforms with whom we agree to bear the payment processing costs. We do not bear payment processing costs for orders placed through the third-party mobility service platforms with whom we do not have such agreement. Payment processing costs are generally determined based on the payment amounts multiplied by the fee rates charged by third-party payment processors. During each year of the Track Record Period, the fee rates charged by third-party payment processors remained the same at 0.6%. In 2022, our revenue from mobility services increased by 23.4% from RMB1,012.5 million in 2021 to RMB1,249.8 million in 2022, whilst the payment processing costs remained relatively stable at RMB6.1 million and RMB6.2 million in 2021 and 2022, respectively, primarily because of the following reasons: (i) the increase in the revenue generated from the orders of ride-hailing services placed through third-party mobility service platforms for which we did not bear payment processing costs from RMB50.4 million in 2021 to RMB228.9 million in 2022; and (ii) the revenue generated from the orders of ride-hailing services for which we should bear payment processing costs remained relatively stable at RMB941.2 million and RMB970.7 million in 2021 and 2022, respectively. Our revenue from mobility services increased by 45.2% from RMB1,249.8 million in 2022 to RMB1,814.1 million in 2023, with the payment processing costs increased from RMB6.2 million in 2022 to RMB10.2 million in 2023, primarily due to an increase by 40.5% in the revenue generated from the orders of ride-hailing services for which we should bear payment processing costs from RMB970.7 million in 2022 to RMB1,363.9 million in 2023.

Service costs of third-party mobility service platforms mainly represent the service fees payable to our cooperative third-party mobility service platforms through which their riders placed orders and such orders are fulfilled by us. During the Track Record Period, fee charged by these third-party mobility service platforms to us under such collaborations ranged from 2% to 15% of the fee paid by riders, which is in line with the prevailing market rate. Our services have been accessible to most of the mainstream third-party mobility service platforms. See “Business — Relationship with Industry Partners – Third-Party Mobility Service Platforms.” Service costs of third-party mobility service platforms increased during the Track Record Period, primarily due to the increased volume of orders placed through our cooperative third-party mobility service platforms to us.

Incentives to drivers for hitch services mainly represent incentives we provide to drivers who provide hitch services on our platform. As we commenced hitch services in 2020, we recorded RMB6.5 million of incentives to drivers for hitch services, mainly to attract drivers to provide hit services on our platform. Benefiting from the increased driver stickiness with us, we reduced such incentives subsequently.

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Gross Loss and Gross Margin

The following table sets forth our gross (loss)/profit and gross margin by business segment for the periods indicated:

	Year ended December 31,					
	2021		2022		2023	
	Gross (loss)/ Gross (loss)/ profit	profit (%)	Gross (loss)/ Gross (loss)/ profit	profit (%)	Gross (loss)/ Gross (loss)/ profit	profit (%)
	<i>(RMB in thousands, except for percentages)</i>					
Mobility services	(245,244)	(24.2)	(152,108)	(12.2)	(169,106)	(9.3)
Technology services	127	11.9	–	–	4,665	17.6
Fleet sale and maintenance	–	–	6,198	5.2	13,996	4.4
Total	<u>(245,117)</u>	<u>(24.2)</u>	<u>(145,910)</u>	<u>(10.7)</u>	<u>(150,445)</u>	<u>(7.0)</u>

Note:

- (1) A further breakdown of gross (loss)/profit and gross margin by business sub-segment is unavailable, mainly because (i) it is inaccurate to allocate certain cost of revenue, such as IT service fees, by different types of services under mobility services as all three services offered by us share the same IT service fees; and (ii) during the Track Record Period, our ride-hailing services contributed to substantially all of our total revenue, and the gross margins of the other business segments and sub-segments had no material impact on our overall gross margins.

While we experienced significant growth during the Track Record Period, we incurred gross losses throughout the Track Record Period, primarily due to high cost of revenue in the early stage of business development during which we were in the process of expanding our geographical coverage and acquiring new users. For the years ended December 31, 2021, 2022 and 2023, our gross loss was RMB245.1 million, RMB145.9 million and RMB150.4 million, respectively; for the same periods, our gross loss margin was -24.2%, -10.7% and -7.0%, respectively. The gross loss margin of our mobility services had improved since 2021, primarily because (i) we granted less rider incentives per order, as we achieved higher penetration rate through the enhancement of brand awareness and the implementation of our geographical expansion strategy, and (ii) we continuously improved our operational efficiency. In addition, our technology services and fleet sale and maintenance were in the early stage of business development, and their respective gross profit margins fluctuated during the Track Record Period. In particular, as we delivered technology services on a project basis and the prices of such services were negotiated on a case-by-case basis, the gross profit margins varied across the Track Record Period. Moreover, we recorded gross profit margin of 5.2% and 4.4% of fleet sale and maintenance in 2022 and 2023, primarily because the maintenance services carry higher and stable margins in nature.

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Other Income

Our other income primarily consists of (i) government grants, and (ii) interest income from bank deposits.

In 2021, 2022 and 2023, our other income amounted to RMB47.5 million, RMB31.8 million and RMB54.3 million, respectively.

Government grants mainly represent cash awards granted to certain subsidiaries of our Group by the local governments. Government grants primarily include subsidies related to economic contribution, R&D and operating expenses of our mobility services. Government grants decreased from RMB36.7 million in 2021 to RMB19.2 million in 2022 and further increased to RMB39.7 million in 2023. We recorded such fluctuations mainly because (i) we received a special government fund of RMB14.5 million in 2021, which was an one-off cash reward for our business development and contribution to local economy, and we did not receive such cash award in 2022; and (ii) we received subsidies in 2023 under a subsidized project of Guangzhou Development District Management Committee to promote the development of smart mobility platform enterprises. We expect that we would continue to be eligible to apply for subsidies of similar natures in the future.

Selling and Marketing Expenses

Our selling and marketing expenses primarily consist of (i) promotion and marketing expenses, (ii) staff expenses, and (iii) outsourcing expenses for customer services. The following table sets forth a breakdown of the major components of our selling and marketing expenses for the periods indicated:

	Year ended December 31,					
	2021		2022		2023	
	Amount	%	Amount	%	Amount	%
	<i>(RMB in thousands, except for percentages)</i>					
Promotion and marketing expenses	221,602	83.8	162,393	70.1	143,980	65.8
– Advertisement and ground promotion fees	181,235	68.7	133,966	57.9	122,739	56.1
– Brand promotion service fees	16,733	6.3	14,182	6.1	8,566	3.9
– Incentives to users for referring our ride-hailing services to new riders	14,121	5.3	12,343	5.3	11,033	5.0
– Incentives to riders for using our hitch services	8,337	3.1	865	0.4	397	0.2
– Other promotion and marketing expenses	1,176	0.4	1,037	0.4	1,245	0.6

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	Year ended December 31,					
	2021		2022		2023	
	Amount	%	Amount	%	Amount	%
	<i>(RMB in thousands, except for percentages)</i>					
Staff expenses	30,950	11.7	54,485	23.6	56,164	25.7
Outsourcing expenses for customer services	6,477	2.4	8,244	3.6	10,598	4.8
Others ⁽¹⁾	5,638	2.1	6,232	2.7	8,153	3.7
Total	<u>264,667</u>	<u>100.0</u>	<u>231,354</u>	<u>100.0</u>	<u>218,895</u>	<u>100.0</u>

Note:

(1) Others mainly include depreciation and amortization expenses and telecommunications expenses.

Our selling and marketing expenses decreased as a percentage of our revenue from 26.1% in 2021 to 16.9% in 2022 and further decreased to 10.1% in 2023. Such decrease was primarily because (i) we continued enhancing our brand awareness; (ii) we achieved the sustainable and effective expansion of our mobility services through our geographical expansion strategy; and (iii) we attract more riders by word-of-mouth reputation, benefiting from our premium service.

During the Track Record Period, promotion and marketing expenses accounted for a substantial portion of our selling and marketing expenses, which mainly included (i) fees incurred for performance-based advertising and ground promotion, (ii) brand promotion service fees, mainly for brand marketing activities and projects to enhance brand awareness, (iii) incentives to users for referring our ride-hailing services to new riders, and (iv) incentives to riders for using our hitch service. Advertisement and ground promotion fees accounted for the majority of our marketing expenses during the Track Record Period. Advertisement and ground promotion fees decreased from RMB181.2 million in 2021 to RMB134.0 million in 2022 and further to RMB122.7 million in 2023, primarily because we optimized our promotion and marketing expenses following our successful establishment of user base.

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General and Administrative Expenses

Our general and administrative expenses primarily consist of (i) staff expenses, (ii) depreciation and amortization, (iii) professional service fees, which mainly represent fees payable to professional parties we engage for our financing activities, (iv) office-related expenses, (v) lease and property management fees, (vi) recruitment expenses, (vii) IT service fees, (viii) taxes surcharges, and (ix) others. The following table sets forth a breakdown of the components of our general and administrative expenses for the periods indicated:

	Year ended December 31,					
	2021		2022		2023	
	Amount	%	Amount	%	Amount	%
	<i>(RMB in thousands, except for percentages)</i>					
Staff expenses	67,584	67.6	71,762	67.2	77,506	50.0
Depreciation and amortization	9,347	9.4	10,755	10.1	17,272	11.1
Professional service fees	7,573	7.6	4,670	4.4	32,141	20.7
Office-related expenses	3,786	3.8	4,189	3.9	5,859	3.8
Lease and property management fees	2,215	2.2	2,794	2.6	2,971	1.9
Recruitment expenses	1,222	1.2	2,134	2.0	1,359	0.9
IT service fees	4,068	4.1	8,267	7.7	6,611	4.3
Taxes surcharges	2,762	2.8	767	0.7	8,212	5.3
Others ⁽¹⁾	1,303	1.3	1,434	1.4	3,048	2.0
Total	99,860	100.0	106,772	100.0	154,979	100.0

Note:

(1) Others mainly include non-deductible input VAT and network rental fees.

Our general and administrative expenses amounted to RMB99.9 million, RMB106.8 million and RMB155.0 million in 2021, 2022 and 2023, respectively, accounting for 9.9%, 7.8% and 7.2% of our total revenue for the same periods, respectively. From 2021 to 2023, our general and administrative expenses decreased as a percentage of our revenue, which was primarily due to the benefit from economies of scale as a result of our business expansion and our efforts in improving operation efficiency.

FINANCIAL INFORMATION

R&D Expenses

Our R&D expenses primarily comprise (i) staff expenses for our R&D personnel, (ii) outsourcing expenses for R&D, (iii) depreciation and amortization, (iv) services cost of Robotaxi test drivers, and (v) others. The following table sets forth a breakdown of the components of our R&D expenses for the periods indicated:

	Year ended December 31,					
	2021		2022		2023	
	Amount	%	Amount	%	Amount	%
<i>(RMB in thousands, except for percentages)</i>						
Staff expenses	41,884	35.9	68,553	65.0	77,760	65.4
Outsourcing expenses for R&D	73,442	63.0	34,758	33.0	24,811	20.9
Depreciation and amortization expenses	1,092	0.9	1,534	1.5	9,270	7.8
Service cost of Robotaxi test drivers	–	–	–	–	5,850	4.9
Others ⁽¹⁾	205	0.2	556	0.5	1,252	1.0
Total	116,623	100.0	105,401	100.0	118,943	100.0

Note:

- (1) Others mainly include charging and insurance fee in relation to Robotaxi testing and office-related expenses.

Our R&D expenses amounted to RMB116.6 million, RMB105.4 million and RMB118.9 million in 2021, 2022 and 2023, respectively, accounting for 11.5%, 7.7% and 5.5% of our revenue for the same periods, respectively. We recorded relatively higher R&D expenses in 2021, primarily because we incurred higher R&D outsourcing expenses that year as a supplement to our in-house R&D force as we increased R&D activities for the upgrade of our mobility apps, the development of our open platform to grant access to third-party platforms, and the development of smart operation systems, among others. The engagement of outsourced R&D services allowed our own R&D team to focus on the development and optimization of our proprietary core technologies. See “Business – Our Service Offerings – Mobility Services – Robotaxi” and “Business – Our Service Offerings – Fleet Sale and Maintenance” for details of our R&D activities during the Track Record Period.

Credit Loss on Trade and Other Receivables

Credit loss on trade and other receivables represents provisions of impairment of trade and other receivables. We recorded credit loss on trade and other receivables of RMB0.9 million, RMB3.9 million and RMB2.2 million in 2021, 2022 and 2023, respectively.

FINANCIAL INFORMATION

Other Net Loss

Our other net loss primarily consists of (i) net loss on disposal of property, plant and equipment, (ii) exchange losses, (iii) penalty expenses, (iv) compensation income, and (v) others.

The following table sets forth a breakdown of other net loss for the periods indicated:

	Year ended December 31,		
	2021	2022	2023
	<i>(RMB in thousands)</i>		
Net loss on disposal of property, plant and equipment	(3,324)	–	–
Exchange losses	–	–	(3,413)
Penalty expenses	(821)	(775)	(1,133)
Compensation income	83	298	112
Others	271	430	1,731
	<u> </u>	<u> </u>	<u> </u>
Total	<u><u>(3,791)</u></u>	<u><u>(47)</u></u>	<u><u>(2,703)</u></u>

Penalty expenses mainly represent the historical administrative penalties we paid for the unlicensed vehicles and drivers that serviced on our platform. Penalty expenses remained relatively stable at RMB0.8 million, RMB0.8 million and RMB1.1 million in 2021, 2022 and 2023, respectively.

Compensation income mainly represent (i) compensations from drivers resulted from their violation of disciplines set out in the service agreement with us and our policies, (ii) compensation resulted from litigations related to certain users' dishonest use of our ride-hailing services. During the Track Record Period, drivers' violation of disciplines set out in the service agreement with us and our policies mainly included (i) creating fraudulent orders to unlawfully obtain incentives; (ii) cancelling the orders we assigned to them without valid excuses; (iii) maliciously and significantly deviating from the planned route; and (iv) having severe conflict with the riders in ill-mannered behaviour. In addition, during the Track Record Period, some of the users maliciously registered multiple accounts on our platform for fraudulent purposes. These malicious users typically commit fraud through the following steps: (i) they entice actual riders with fraudulent discounts on social media or other online channels to place orders through the malicious user's accounts; (ii) the actual rider makes a payment to the malicious user; (iii) the malicious user places an order on behalf of the actual rider on our platform; and (iv) the driver takes the actual rider to the destination, but no payment to our platform is made by the malicious user. According to Frost & Sullivan, these illegal actions are not exceptional cases in the industry. We identified these fraudulent accounts through our routine internal control measures and obtained such compensations through settlements or court judgments. Compensation income increased from RMB0.1 million in 2021 to RMB0.3 million in 2022 and further decrease to RMB0.1 million in 2023, primarily because (i) we obtained the compensation in relation to the abovementioned users' dishonest use of our ride-hailing services through settlements or court judgments in 2022, (ii) we did not receive such compensation in 2023, and (iii) we received a relative limited amount of compensation related to our marketing partners failed to meet the prescribed marketing results.

FINANCIAL INFORMATION

Finance Costs

Our finance costs primarily comprise interest on interest-bearing and other borrowings and interest on lease liabilities. Our finance costs amounted to RMB1.2 million, RMB2.6 million and RMB2.6 million in 2021, 2022 and 2023, respectively.

Changes in the Carrying Amount of Convertible Redeemable Preferred Shares

We issued convertible redeemable preferred shares to Series A investors in 2022. As such, we recorded a loss of RMB10.4 million and RMB64.5 million from the changes in the carrying amount of convertible redeemable preferred shares in 2022 and 2023, respectively. See Note 26 to the Accountants' Report in Appendix I to this prospectus.

Changes in the Carrying Amount of Other Financial Liabilities Issued to Investors

We recorded a loss of RMB52.1 million and a loss of RMB31.8 million in 2022 and 2023, respectively, from the changes in the carrying amount of other financial liabilities issued to investors primarily due to the changes in redemption amount of the warrants and related loans to Series A investors and Series B investors. See Note 27 to the Accountants' Report in Appendix I to this prospectus.

Income Tax

We are subject to income tax on an entity basis on profits arising in or derived from tax jurisdictions in which our members are domiciled and operate. Pursuant to the rules and regulations of the Cayman Islands, we, being an exempted company with limited liability incorporated under the Cayman Companies Act, are exempted from Cayman Islands income tax.

Our income taxation in respect of operations in the PRC has been calculated at the applicable tax rate on the estimated assessable profits for the year, based on the existing legislation, interpretations and practices in respect thereof. We are subject to a statutory PRC EIT rate of 25%.

Our Hong Kong subsidiary is subject to Hong Kong Profits Tax at the rate of 16.5% on its taxable income generated from the operations in Hong Kong. A two-tiered profits tax rates regime was introduced in 2018 where the first HKD2.0 million of assessable profits earned by a company will be taxed at half of the current tax rate (8.25%) whilst the remaining profits will continue to be taxed at 16.5%.

During the Track Record Period and up to the Latest Practicable Date, we had paid all relevant taxes in accordance with tax regulations and do not have any disputes or unresolved tax issues with the relevant tax authorities.

FINANCIAL INFORMATION

PERIOD-TO-PERIOD COMPARISON OF RESULTS OF OPERATIONS

Year Ended December 31, 2023 Compared to Year Ended December 31, 2022

Revenue

Our total revenue increased by 57.9% from RMB1,368.4 million in 2022 to RMB2,161.1 million in 2023, primarily due to (i) the increase in the revenue from mobility services, and (ii) the increase in the revenue from fleet sale and maintenance.

Revenue from our mobility services increased by 45.2% from RMB1,249.8 million in 2022 to RMB1,814.1 million in 2023, primarily due to the increased revenue of ride-hailing services, which increased by 45.6% from RMB1,245.0 million in 2022 to RMB1,812.1 million in 2023. The increase was primarily attributable to the increase in our ride-hailing GTV from RMB1,756.9 million in 2022 to RMB2,714.0 million in 2023, which was mainly due to (i) the increases in the average GTV per order from RMB26.6 in 2022 to RMB27.9 in 2023, and (ii) the increase in order volume from 66.0 million in 2022 to 97.3 million in 2023, including the increase in the number of orders from third-party mobility service platforms from 18.7 million in 2022 to 57.0 million in 2023. The increases in our average GTV per order of our ride-hailing services were mainly attributable to our stronger capabilities to obtain more long-distance trip orders, attributable to our enhanced brand awareness and premium services. The increase in the number of orders from third-party mobility service platforms from 2022 to 2023 is primarily attributable to (i) the mutual-beneficial relationships between third-party mobility service platforms and us, under which third-party mobility service platforms prefer to allocate more orders to service providers with competent and compliant service fleet, allowing them to achieve higher response rate and enhance rider experience, while we benefit from additional order volume and GTV, amplifying our brand awareness and providing our drivers with more orders and better income, especially in cities where we strive to enhance our presence. As a result, both third-party mobility service platforms and ourselves have been committed to deepening the cooperation to fulfill more orders generated under this model; and (ii) an increase in the number of third-party mobility service platforms with which we cooperated during the Track Record Period, particularly in the second half of 2022, during which we were granted greater access to the user traffic associated with these platforms, resulting a significant increment in the number of orders from third-party mobility service platforms.

The revenue from fleet sale and maintenance increased from RMB118.6 million in 2022 to RMB320.4 million in 2023, as we just started our fleet sale and maintenance in April 2022 and achieved rapid growth in 2023. Revenue from our technology services amounted to nil and RMB26.5 million in 2022 and 2023, respectively, primarily due to our operational strategy for technology services in 2022 focusing on R&D to enhance our technological capabilities and competitive standing, while in 2023 we have started to enhance our efforts in selling and marketing for technology services.

FINANCIAL INFORMATION

Cost of Revenue

Our cost of revenue increased by 52.6% from RMB1,514.3 million in 2022 to RMB2,311.5 million in 2023, primarily due to (i) an increase in drivers' service fee, which was in line with the growth of our ride-hailing business, (ii) an increase in cost of auto service center, resulting from increased vehicle procurement costs related to our fleet sale and maintenance, and (iii) an increase in third-party mobility service platform costs, which was attributable to the increased service fees payable to our cooperative third-party mobility service platforms, resulting from the increase in the volume of orders placed through our cooperative third-party mobility service platforms to us.

Gross Loss and Gross Margins

Our gross loss increased by 3.1% from RMB145.9 million in 2022 to RMB150.4 million in 2023, and our gross margin improved from -10.7% in 2022 to -7.0% in 2023. We achieved further improvement in gross margin notwithstanding the intensifying competition in the mobility market in China, primarily because (i) we recorded increases in the revenue from our fleet sale and maintenance and technology services, of which the gross margins are higher than ride-hailing business in nature, and (ii) the improvement of gross loss margin of our mobility services, primarily due to (a) the decrease in our incentives to customers per order from RMB5.62 in 2022 to RMB5.28 in 2023, attributable to our more prudent customer incentive policy after effectively increasing penetration rate; (b) the decrease of incentives to drivers per order from RMB1.71 in 2022 to RMB1.46 in 2023, attributable to that our fleet sale and maintenance provide drivers a range of vehicle purchase, maintenance and repair services, helping them to optimize their cost structure and strengthen their trust with our platform, and an uptick in user traffic has led to an increase in order volume, ensuring that the income generated from orders is adequate to satisfy the drivers' income expectations, thereby negating the necessity for additional incentives to drivers; and (c) the decrease of average management fee per order we paid to car partner from RMB0.61 in 2022 to RMB0.40 in 2023, attributable to the free access to our proprietary vehicle and driver management systems provided to our car partners and training provided to our car partners, improving their efficiency and enhancing cost management.

Other Income

Our other income amounted to RMB31.8 million and RMB54.3 million in 2022 and 2023, respectively.

Selling and Marketing Expenses

Due to our stronger brand awareness brought by our commitment to the implementation of our geographical expansion strategy, we were able to achieve decrease in selling and marketing expenses at RMB231.4 million and RMB218.9 million in 2022 and 2023 to achieve a stable revenue growth during the same periods, respectively.

FINANCIAL INFORMATION

General and Administrative Expenses

Our general and administrative expenses increased by 45.1% from RMB106.8 million in 2022 to RMB155.0 million in 2023, primarily due to (i) an increase in professional service fees we incurred for the Listing, (ii) an increase in staff expenses, mainly resulting from the increased number of administrative personnel and compensation level, and (iii) an increase in taxes surcharges, which were charged based on payment of VAT, as the ride-hailing services were subject to VAT rate of 3% in 2023 instead of VAT exemption in 2022.

R&D Expenses

Our R&D expenses increased by 12.8% from RMB105.4 million in 2022 to RMB118.9 million in 2023, primarily due to (i) an increase in the staff expenses resulting from the recruitment of new R&D staff to enhance our R&D capabilities and (ii) an increase in depreciation and amortization expenses of RMB7.4 million related to the Robotaxis vehicles and related software we purchased in 2023 and an increase in service cost of Robotaxi test drivers of RMB5.9 million, which were attributable to R&D activities.

Credit Loss on Trade and Other Receivables

Our credit loss on trade and other receivables decreased from RMB3.9 million in 2022 to RMB2.2 million in 2023, primarily due to (i) the increase of 40.6% in trade receivables in 2023 compared to that of 2022 is significantly lower than the increase of 141.2% in trade receivables in 2022 compared to that of 2021, and (ii) the increase of 16.5% in prepayments, deposits and other receivables in 2023 compared to that of 2022 is significantly lower than the increase of 474.0% in prepayments, deposits and other receivables in 2022 compared to that of 2021. See “— Discussion of certain key balance sheet items — Trade receivables” and “— Prepayments, Deposits and Other Receivables.”

Other Net Loss

Our other net loss increased from RMB0.05 million in 2022 to RMB2.7 million in 2023, primarily due to the exchange losses of RMB3.4 million we recorded in 2023 resulting from the depreciation of USD against RMB in relation to the exchange of USD deposits into RMB in January 2023.

Finance Costs

Our finance costs remained relatively stable at RMB2.6 million and RMB2.6 million in 2022 and 2023, respectively.

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Changes in the Carrying Amount of Convertible Redeemable Preferred Shares

We recorded a loss of RMB10.4 million and a loss of RMB64.5 million in 2022 and 2023, respectively, from the changes in the carrying amount of convertible redeemable preferred shares, primarily due to the changes in redemption amount of the convertible redeemable preferred shares we issued to Series A investors. See Note 26 to the Accountants' Report in Appendix I to this prospectus.

Changes in the Carrying Amount of Other Financial Liabilities Issued to Investors

We recorded a loss of RMB52.1 million and a loss of RMB31.8 million in 2022 and 2023, respectively, from the changes in the carrying amount of other financial liabilities issued to investors, primarily due to the changes in redemption amount of the warrants and related loans to Series A investors and Series B investors. See Note 27 to the Accountants' Report in Appendix I to this prospectus.

Loss for the Year

As a result of the foregoing, our net loss increased by 10.5% from RMB626.8 million in 2022 to RMB692.8 million in 2023.

Year Ended December 31, 2022 Compared to Year Ended December 31, 2021

Revenue

Our total revenue increased by 35.0% from RMB1,013.5 million in 2021 to RMB1,368.4 million in 2022, primarily due to the increase in the revenue from mobility services and, to a lesser extent, the revenue from fleet sale and maintenance, which we commenced in 2022.

Revenue from our mobility services increased by 23.4% from RMB1,012.5 million in 2021 to RMB1,249.8 million in 2022, primarily due to the increased revenue of ride-hailing services, which increased by 23.9% from RMB1,005.2 million in 2021 to RMB1,245.0 million in 2022. The increase was primarily attributable to the increase in our ride-hailing GTV from RMB1,310.5 million in 2021 to RMB1,756.9 million in 2022, which was mainly driven by (i) the expansion of our rider base, with the average monthly active riders of our ride-hailing services increasing from 980.0 thousand in 2021 to 1,160.7 thousand in 2022, and (ii) the increase in the order volume of our ride-hailing services from 46.0 million in 2021 to 66.0 million in 2022. We achieved rider base expansion and the increase in order volume of ride-hailing services, mainly because (i) we expanded our geographic coverage with foothold cities increasing from five in 2021 to seven in 2022, (ii) we continued to improve our service quality and enhancing our brand awareness, and (iii) we continued increasing penetration rate in the existing markets where we had established presence and achieving higher rider stickiness, benefiting from our geographical expansion strategy. Notwithstanding the impact of the COVID-19 pandemic in 2022, we managed to record growth in revenue of our mobility services, which grew at a slower pace in 2022 compared to 2021.

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We started to provide our fleet sale and maintenance in April 2022. The revenue from fleet sale and maintenance amounted to RMB118.6 million in 2022. Revenue from our technology service amounted to RMB1.1 million and nil in 2021 and 2022, respectively. Revenue from our technology services amounted to RMB1.1 million and nil in 2021 and 2022, respectively. See “— Description of Major Components of Our Results of Operations – Revenue.”

Cost of Revenue

Our cost of revenue increased by 20.3% from RMB1,258.6 million in 2021 to RMB1,514.3 million in 2022, primarily driven by (i) the cost of auto service center of RMB112.4 million we recorded in 2022, which mainly included procurement costs of vehicles following the commencement of our fleet sale and maintenance in the same year, and (ii) the increased drivers’ service fee resulting from our increased order volume of our ride-hailing services and ride-hailing GTV along with our business expansion.

Gross Loss and Gross Margin

Our gross loss decreased by 40.5% from RMB245.1 million in 2021 to RMB145.9 million in 2022, and our gross margin improved from -24.2% in 2021 to -10.7% in 2022, primarily due to (i) the decrease in our incentives to customers per order from RMB5.78 in 2021 to RMB5.62 in 2022, attributable to our more prudent customer incentive policy after effectively increasing customer stickiness and penetration rate and the resurgence of COVID-19 in 2022; (ii) the decrease of incentives to drivers per order from RMB2.87 in 2021 to RMB1.71 in 2022, attributable to our fleet sale and maintenance helping drivers to optimize their cost structure and increased user traffic ensuring drivers’ income expectations are satisfied; and (iii) the decrease of average management fee per order we paid to car partner from RMB0.84 in 2021 to RMB0.61 in 2022, attributable to our proprietary vehicle and driver management systems and training improving car partners’ efficiency and cost management.

Other Income

Our other income decreased by 33.1% from RMB47.5 million in 2021 to RMB31.8 million in 2022, primarily due to a decrease in government grants. We received a large amount of special government fund for promoting economic development in 2021, which was an one-off cash reward for our business development and contribution to local economy. We did not receive such cash award in 2022. The decrease in government grants was partially offset by an increase in interest income from bank deposits, which was mainly due to the increase in cash balance benefiting from our financing activities.

Selling and Marketing Expenses

We strove to achieve revenue growth at 35.0% in 2022, while we decreased our selling and marketing expenses by 12.6% from RMB264.7 million in 2021 to RMB231.4 million in 2022, benefiting from (i) more effective rider acquisition because of our stronger brand awareness and the persistent implementation of our geographical expansion strategy in our existing and new markets, and (ii) our loyal rider base and higher customer stickiness attributable to our efforts in improving our services and traveling experiences.

FINANCIAL INFORMATION

General and Administrative Expenses

Our general and administrative expenses increased by 6.9% from RMB99.9 million in 2021 to RMB106.8 million in 2022, primarily due to (i) an increase in IT service fees to support our expanded business scale, and (ii) an increase in staff expenses, mainly resulting from (a) the increased number of administrative personnel along with our business expansion, and (b) an increase in equity-settled share-based payment for our administrative personnel.

R&D Expenses

Our R&D expenses remained relatively stable at RMB116.6 million and RMB105.4 million in 2021 and 2022, respectively. We incurred more outsourcing expenses for R&D activities in 2021 and did not incur such outsourcing expense in 2022; such decrease was offset by an increase in staff expenses, mainly due to the expansion of our R&D team demonstrating our continuous efforts in the development of our key proprietary technologies.

Credit Loss on Trade and Other Receivables

Our credit loss on trade and other receivables increased by 347.8% from RMB0.9 million in 2021 to RMB3.9 million in 2022, primarily due to the increased trade receivables, which was mainly attributable to (i) the expanded scale of our ride-hailing services, and (ii) the commencement of our fleet sale and maintenance in 2022 under which we grant some credit terms to relevant customers.

Other Net Loss

We recorded an other net loss of RMB3.8 million in 2021 as a result of the early termination of the lease of an office building in 2021. We did not make a similar disposal in 2022.

Finance Costs

Our finance costs increased by 129.2% from RMB1.2 million in 2021 to RMB2.6 million in 2022, respectively, primarily due to an increase in bank borrowings to supplement our working capital for operations, which led to an increase in interest on bank loans and other borrowings.

Changes in the Carrying Amount of Convertible Redeemable Preferred Shares

We recorded a loss of RMB10.4 million in 2022 from the changes in the carrying amount of convertible redeemable preferred shares, which were issued to several investors in 2022. See Note 26 to the Accountants' Report in Appendix I to this prospectus.

Changes in the Carrying Amount of Other Financial Liabilities Issued to Investors

We recorded a loss of RMB52.1 million in 2022 from the changes in the carrying amount of other financial liabilities issued to investors, which were in relation to the warrants and related loans. See Note 27 to the Accountants' Report in Appendix I to this prospectus.

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Loss for the Year

As a result of the foregoing, our net loss decreased by 8.4% from RMB684.6 million in 2021 to RMB626.8 million in 2022.

DISCUSSION OF CERTAIN KEY BALANCE SHEET ITEMS

Net Current Liabilities

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

	As of December 31,			As of
	2021	2022	2023	April 30,
	<i>(RMB in thousands)</i>			<i>2024</i>
				<i>(unaudited)</i>
Current assets				
Inventories	–	7,142	18,311	2,037
Trade receivables	5,913	14,261	20,044	24,464
Prepayments, deposits and other receivables	18,620	106,876	124,549	176,694
Restricted cash	18,725	987	–	–
Cash and cash equivalents	86,981	553,666	612,858	423,894
Total current assets	<u>130,239</u>	<u>682,932</u>	<u>775,762</u>	<u>627,089</u>
Current liabilities				
Trade and bills payables	52,845	58,070	78,168	68,618
Accruals and other payables	232,139	424,400	153,043	173,531
Loans and borrowings	10,000	23,011	14,033	25,104
Contract liabilities	1,292	2,140	2,837	2,335
Lease liabilities	9,854	11,535	31,007	7,578
Convertible redeemable preferred shares	–	247,973	1,161,283	2,101,867
Other financial liabilities issued to investors	–	726,813	888,913	–
Total current liabilities	<u>306,130</u>	<u>1,493,942</u>	<u>2,329,284</u>	<u>2,379,033</u>
Net current liabilities	<u>(175,891)</u>	<u>(811,010)</u>	<u>(1,553,522)</u>	<u>(1,751,944)</u>
Net liabilities	<u>(151,738)</u>	<u>(749,640)</u>	<u>(1,430,164)</u>	<u>(1,623,622)</u>

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Our net current liabilities increased from RMB1,553.5 million as of December 31, 2023 to RMB1,751.9 million as of April 30, 2024, primarily due to a decrease in cash and cash equivalents of RMB189.0 million, primarily related to net cash used in operating activities resulting from the expansion of our business.

Our net current liabilities increased from RMB811.0 million as of December 31, 2022 to RMB1,553.5 million as of December 31, 2023, primarily due to (i) an increase of RMB913.3 million in convertible redeemable preferred shares, primarily related to (a) additional issuance of Series A Preferred Shares, and (b) the conversion from other financial liabilities issued to Series A investors to convertible redeemable preferred shares, following the exercise of Series A warrants by the Series A investors to subscribe Series A Preferred Shares of our Company, and (ii) an increase of RMB162.1 million in other financial liabilities issued to investors, which was the net effect of additional warrants and related loans we issued to the investors with respect to Series B Preferred Shares of our Company and conversion of other financial liabilities issued to investors to convertible redeemable preferred shares upon the exercise of Series A warrants by the Series A investors, partially offset by (i) an increase of RMB59.2 million in cash and cash equivalents primarily as a result of the completion of the Series A financing and Series B financing in 2023, and (ii) a decrease of RMB271.4 million in accruals and other payables, primarily due to a decrease of advance payments from investors from RMB249.9 million in 2022 to nil in 2023, resulting from the completion of the Series B financing in 2023.

Our net current liabilities increased from RMB175.9 million as of December 31, 2021 to RMB811.0 million as of December 31, 2022, primarily due to (i) an increase of RMB726.8 million in other financial liabilities issued to investors, attributable to the warrants and related loans we issued to certain investors with respect to Series A Preferred Shares of our Company, (ii) an increase of RMB248.0 million in convertible redeemable preferred shares, and (iii) an increase of RMB192.3 million in accruals and other payables, primarily due to an increase in advance payments from Series B investors, partially offset by (i) an increase of RMB466.7 million in cash and cash equivalents, and (ii) an increase of RMB88.3 million in prepayments, deposits and other receivables.

Our net liabilities increased from RMB151.7 million as of December 31, 2021 to RMB749.6 million as of December 31, 2022, primarily due to the loss for 2022 of RMB626.8 million, partially offset by (i) the equity-settled share-based transactions of RMB33.2 million, and (ii) the waiver of payment of expenses and costs by a shareholder of RMB1.4 million. Our net liabilities increased from RMB749.6 million as of December 31, 2022 to RMB1,430.2 million as of December 31, 2023, primarily due to the loss in 2023 of RMB692.8 million, partially offset by (i) the equity-settled share-based transactions of RMB26.4 million, (ii) the deemed contribution from investors of RMB12.5 million, and (iii) the waiver of payment of expenses and costs by a shareholder of RMB2.6 million. The waiver of payment of expenses and costs by a shareholder during the Track Record Period represents the waiver of payment of marketing and promotional expense and platform service cost, which was provided by a shareholder in support of us at the initial stage of our business development. See Note 20(e) to Accountants' Report in Appendix I to this prospectus. As of the Latest Practicable Date, we did not have any other similar arrangement with such a shareholder. However, in the future, we may discuss and reach other cooperations of similar nature with them.

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We recorded net liabilities of RMB1,430.2 million as of December 31, 2023, primarily attributable to the convertible redeemable preferred shares of RMB1,161.3 million and other financial liabilities issued to investors of RMB888.9 million as of December 31, 2023. As of the Latest Practicable Date, all other financial liabilities issued to investors with respect to Series B warrants have been converted into convertible redeemable preferred shares upon exercise of Series B warrants. We expected that the continual fluctuations in the carrying amount of our convertible redeemable preferred shares will affect our financial position until the Listing Date. All the convertible redeemable preferred shares will be re-classified from financial liabilities to equity as a result of the automatic conversion into our Shares upon the Listing such that the net liability position turn into a net asset position. To the extent we need to remeasure the redeemable convertible preferred shares and other financial liabilities issued to investors prior to the completion of the Global Offering, any change in the redemption amount of these redeemable convertible preferred shares and other financial liabilities issued to investors may materially and adversely affect our financial condition and results of operations.

In addition, we intend to further improve our net current liabilities position through various measures, for example:

- (i) We plan to improve our operating cash flows and reduce the net cash used in our operating activities. Specifically, we expect to solidify our working capital and cash position as we implement the strategies and measures to turn around from loss to profit making in future. Furthermore, we plan to maintain stable relationships with banks to leverage financial instruments such as bank acceptance bills;
- (ii) We expect to enhance our bargaining power over our suppliers as we scale up our business, and we plan to negotiate better credit terms with our suppliers for extended payment cycles. For example, we plan to leverage our relationship with GAIG and strive for more favorable credit terms and payment terms in relation to vehicles procurement for our fleet sale and maintenance. In addition, we expect to negotiate with suppliers of selling and marketing services for credit terms and commercial terms more favorable to us;
- (iii) We expect to continue procuring vehicles based on the orders received and optimize inventory levels. In addition, we receive payments from our customers in advance of vehicle deliveries, which also improve our cash position; and
- (iv) We plan to continue implementing effective evaluation system and stringent measures to enhance our trade receivables management and maintain the robust collection of trade receivables. During the Track Record Period, our trade receivables turnover days remained stable at three days in 2021, 2022 and 2023.

FINANCIAL INFORMATION

Inventories

Our inventories mainly comprise vehicles that we procure for the sales to customers under fleet sale and maintenance business. The following table sets forth an aging analysis of our inventories as of the dates indicated:

	As of December 31,		
	2021	2022	2023
	<i>(RMB in thousands)</i>		
1 to 90 days	–	4,740	18,289
91 days to 180 days	–	2,395	18
181 days to 365 days	–	4	4
Over 1 year	–	3	–
	<u>–</u>	<u>7,142</u>	<u>–</u>
Total	<u>–</u>	<u>7,142</u>	<u>18,311</u>

As of April 30, 2024, RMB17.2 million, or 93.9%, of our inventories as of December 31, 2023 had been sold or utilized. According to our inventory management policy, we periodically assess the value of our inventories to determine whether to recognize provisions for impairment. We believe that there is no recoverability issue for inventories, taking into account (i) a substantial portion of the inventories as of December 31, 2023 were aged less than 90 days; (ii) the subsequent sale or utilization; (iii) that our inventories are procured based on the orders received; and (iv) that the cost of our inventories are lower than the net realizable value. Therefore, no provision was made during the Track Record Period.

Trade Receivables

During the Track Record Period, our trade receivables mainly related to the amounts due from (i) individual riders who willfully delayed payment after completion of rides, (ii) enterprise customers of our enterprise solutions under mobility services, (iii) customers of our technology services, and (iv) customers of our maintenance services under fleet sale and maintenance business. The following table sets forth a breakdown of our trade receivables as of the dates indicated:

	As of December 31,		
	2021	2022	2023
	<i>(RMB in thousands)</i>		
Trade receivables	12,012	22,672	30,151
Less: loss allowance	<u>(6,099)</u>	<u>(8,411)</u>	<u>(10,107)</u>
Total	<u>5,913</u>	<u>14,261</u>	<u>20,044</u>

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Our trade receivables increased from RMB5.9 million as of December 31, 2021 to RMB14.3 million as of December 31, 2022, primarily attributable to (i) the prolonged settlement process between our enterprise customers of our ride-hailing services and us during the COVID-19 resurgence in Guangzhou in late 2022, and (ii) the commencement of maintenance services under our fleet sale and maintenance business in 2022, for which we granted credit periods of 20 to 30 days to customers. Our trade receivables increased from RMB14.3 million as of December 31, 2022 to RMB20.0 million as of December 31, 2023, primarily attributable to an increase in trade receivables of mobility services business, which was generally in line with the revenue growth of ride-hailing services.

The following table sets forth an aging analysis of trade receivables, based on the invoice date and net of loss allowance as of the dates indicated.

	As of December 31,		
	2021	2022	2023
	<i>(RMB in thousands)</i>		
0 to 30 days	3,821	6,465	12,798
31 to 60 days	1,089	2,154	4,660
61 to 180 days	723	5,628	2,000
over 180 days	280	14	586
Total	5,913	14,261	20,044

The following table sets forth the turnover days of our trade receivables for the periods indicated:

	Year ended December 31,		
	2021	2022	2023
	<i>(days)</i>		
Trade receivables turnover days ⁽¹⁾	3	3	3

Note:

- (1) Calculated using the average of opening balance and closing balance of the trade receivables for such years divided by revenue for the relevant years and multiplied by the number of days during such years (i.e., 365 days for one fiscal year).

Our trade receivables turnover days remained stable at three days in 2021, 2022 and 2023.

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We believe that we have implemented effective credit evaluation system and policies under which individual credit evaluations are performed on all customers requiring credit over a certain amount. These evaluations focus on the customer's past history of making payments when due and current ability to pay, and take into account information specific to the customer as well as pertaining to the economic environment in which the customer operates. For mobility services business, trade receivables are mainly due from individual riders and enterprise customers. For individual riders, we request immediate settlement when the trip is completed. For enterprise customers, we usually grant a credit period within 30 days. For fleet sale and maintenance business, we normally request advance payment for sale of vehicles before the delivery of goods and grants a credit period of 20 to 30 days for provision of repair and maintenance services. Normally, we do not obtain collateral from customers.

We also have implemented trade receivables management policies to monitor trade receivables management in the ordinary course of business and accelerate the collection of trade receivables. For example, we established a risk management team in 2021 to improve receivables management, and we have launched a quick payment function in our mobile app, which allows users to make payment without a password, thereby facilitating and expediting payment settlement. We measure loss allowances for trade receivables at an amount equal to lifetime ECLs, which is calculated using a provision matrix. We segment our trade receivables based on type of customers, due to different loss patterns experienced in different customer segments. See Note 31 to the Accountants' Report in Appendix I to this prospectus. Based on the foregoing, we believe there is no material recoverability issue for our trade receivable balance and sufficient provision has been made.

As of April 30, 2024, RMB16.9 million, or 84.3%, of our trade receivables as of December 31, 2023 had been settled.

Prepayments, Deposits and Other Receivables

Our prepayments, deposits and other receivables primarily comprise: (i) prepayments, mainly for the procurement of vehicles, vehicle parts for maintenance services, internet traffic for dash cams, technology services (such as services for risk management inquiry and the operation and maintenance of our office automation and client service systems), promotion and advertising services and others. We are generally required by relevant suppliers to make prepayments, either partial or in full, for the procurement of vehicles; (ii) value-added tax recoverable; (iii) deposits, mainly for the leases of office premises; (iv) receivables due from on-line payment platforms; and (v) receivables of ride service fees due from third-party mobility service platforms which collected payments on our behalf, mainly representing the ride service fee we typically charge riders for the orders placed on our cooperative third-party mobility service platforms and completed by us.

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The following table sets forth our prepayments, deposits and other receivables as of the dates indicated:

	As of December 31,		
	2021	2022	2023
	<i>(RMB in thousands)</i>		
Prepayments	2,417	81,461	62,869
Value-added tax recoverable	411	6,123	12,048
Deposits	3,328	4,169	6,895
Receivables due from on-line payment platforms	4,542	3,616	6,415
Receivables of ride service fees due from third-party mobility service platforms which collected on our Group's behalf	7,764	10,031	17,087
Receivables of purchase rebates due from vehicle suppliers	–	–	17,675
Others	158	1,476	1,560
Total	<u>18,620</u>	<u>106,876</u>	<u>124,549</u>

Our prepayments, deposits and other receivables increased from RMB18.6 million as of December 31, 2021 to RMB106.9 million as of December 31, 2022, primarily due to (i) an increase in prepayments, mainly relating to the procurement for vehicles as we started to provide fleet sale and maintenance in 2022. As of December 31, 2022, there were 641 units of vehicles awaiting delivery, for which we had made prepayments of RMB77.9 million as of the same date; and (ii) an increase in value-added tax recoverable, which mainly represented the tax credit relating to the vehicles that we procured and had not sold.

Our prepayments, deposits and other receivables increased from RMB106.9 million as of December 31, 2022 to RMB124.5 million as of December 31, 2023, primarily due to an increase in receivables of purchase rebates due from vehicle suppliers, resulting from the expanded scale of our fleet & management services.

As of April 30, 2024, RMB81.2 million, or 65.2%, of our prepayments, deposits and other receivables as of December 31, 2023 had been settled.

Trade and Bills Payables

Our trade payables primarily consisted of (i) drivers' service fee, (ii) amounts payable to car partners for driver management services, (iii) procurement costs for car interiors and (iv) payables related to technology services. During the Track Record Period, our bills payables mainly related to the procurement of vehicles under our fleet sale and maintenance business.

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Our trade and bills payables increased from RMB52.8 million as of December 31, 2021 to RMB58.1 million as of December 31, 2022. Such increase was generally in line with our revenue growth. Our trade and bills payables increased from RMB58.1 million as of December 31, 2022 to RMB78.2 million as of December 31, 2023, mainly due to an increase in trade payables mainly relating to our technology services and ride-hailing services, partially offset by a decrease in bills payable, resulting from the settlement of payables relating to the vehicles we procured in late 2022.

The following table sets forth the turnover days of our trade and bills payables for the periods indicated:

	Year ended December 31,		
	2021	2022	2023
	<i>(days)</i>		
Trade and bills payables turnover days ⁽¹⁾	<u>11</u>	<u>13</u>	<u>11</u>

Note:

- (1) Calculated using the average of opening balance and closing balance of the trade and bills payables for such years divided by cost of revenue for the relevant years and multiplied by the number of days during such years (i.e., 365 days for one fiscal year).

Our trade and bills payables turnover days increased from 11 days in 2021 to 13 days in 2022, primarily due to the increased number of car partners we engaged to manage drivers in 2021. Our trade and bills payables turnover days decreased from 13 days in 2022 to 11 days in 2023, primarily due to the settlement of payables relating to the vehicles we procured in late 2022.

As of April 30, 2024, RMB73.1 million, or 93.5%, of our trade and bills payables as of December 31, 2023 had been settled.

Accruals and Other Payables

Our accruals and other payables primarily comprise (i) payables related to promotion and marketing expenses, (ii) accrued payroll and benefits, (iii) payables related to R&D expenses, (iv) deposits from platform users, (v) payables related to information technology service expenses, (vi) deposits from enterprise customers, (vii) other taxes payable, (viii) payables on behalf of end-users, which represent the payables that we shall pay on behalf of the riders for the orders placed through our platform and fulfilled by third-party mobility service platforms, and (ix) advance payments from investors.

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The following table sets forth a breakdown of our accruals and other payables as of the dates indicated:

	As of December 31,		
	2021	2022	2023
	<i>(RMB in thousands)</i>		
Payables related to promotion and marketing expenses	82,841	36,102	35,446
Accrued payroll and benefits	19,612	26,970	27,426
Payables related to R&D expenses	73,165	48,253	14,976
Deposits from platform users	3,146	5,404	4,833
Payables related to information technology service expenses	11,764	18,924	9,702
Deposits from enterprise customers	2,634	3,072	2,776
Other taxes payable	6,693	1,603	7,267
Payables on behalf of end-users	9,670	17,460	10,316
Advance payments from investors	–	249,924	–
Payable related to listing expenses	–	–	10,720
Others	22,614	16,688	29,581
	<u>22,614</u>	<u>16,688</u>	<u>29,581</u>
Total	<u>232,139</u>	<u>424,400</u>	<u>153,043</u>

Our accruals and other payables increased from RMB232.1 million as of December 31, 2021 to RMB424.4 million as of December 31, 2022, primarily due to an increase in advance payments from Series B investors, partially offset by (i) a decrease in payables related to promotion and marketing expenses, mainly due to the decreased investment in promotion and marketing as we benefited from our enhanced brand awareness and our geographical expansion strategy to acquire and retain riders more cost efficiently, and (ii) a decrease in payables related to R&D expenses, mainly because we reduced outsourcing expenses for R&D in 2022.

Our accruals and other payables decreased from RMB424.4 million as of December 31, 2022 to RMB153.0 million as of December 31, 2023, primarily due to (i) a decrease of advance payments from investors from RMB249.9 million in 2022 to nil in 2023, resulting from the completion of the Series B financing in 2023 and the warrants we issued to Series B investors, and (ii) a decrease in payables related to R&D expenses, mainly because we reduced outsourcing expenses for R&D in 2023.

As of April 30, 2024, RMB84.0 million, or 54.9%, of our accruals and other payables as of December 31, 2023 had been settled or derecognized, including accruals and other payables related to third-party mobility service platforms, listing expenses, promotion and marketing expenses and staff expenses.

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Contract Liabilities

Our contract liabilities primarily represented the advance payments from customers for ride-hailing services, vehicles and spare parts and maintenance. Our contract liabilities amounted to RMB1.3 million, RMB2.1 million and RMB2.8 million as of December 31, 2021, 2022 and 2023, respectively. Our contract liabilities increased from RMB2.1 million as of December 31, 2022 to RMB2.8 million as of December 31, 2023, primarily due to the increased advance payment for the sales of vehicles under our fleet sale and maintenance business.

As of April 30, 2024, RMB1.0 million, or 34.0%, of our contract liabilities as of December 31, 2023 had been recognized as revenue.

Property, plant and equipment, right of use assets and intangible assets

Our property, plant and equipment primarily comprise (i) office equipment and furniture, (ii) operating equipment, (iii) leasehold improvements, and (iv) vehicles. As of December 31, 2021, 2022 and 2023, our property, plant and equipment amounted to RMB28.3 million, RMB28.2 million and RMB63.8 million, respectively.

Our right of use assets primarily comprise leased properties and vehicles. As of December 31, 2021, 2022 and 2023, our right of use assets amounted to RMB22.2 million, RMB15.2 million and RMB45.4 million, respectively.

Our intangible assets primarily comprise software. As of December 31, 2021, 2022 and 2023, our intangible assets amounted to RMB4.4 million, RMB11.7 million and RMB29.3 million, respectively.

Our Directors assessed any indication of impairment for property, plant and equipment, right of use assets and intangible assets at the end of each reporting period, and, where any such indication exists, determined the recoverable amounts, which are the higher of fair value less costs of disposal and the value in use. Based on our assessment, we did not make any impairment for property, plant and equipment, right of use assets or intangible assets as of December 31, 2021, 2022 and 2023.

LIQUIDITY AND CAPITAL RESOURCES

As of December 31, 2023, we had RMB612.9 million in cash and cash equivalents. Our primary use of cash is to fund our working capital requirements and other recurring expenses. During the Track Record Period, we had financed our operations primarily through cash generated from our operating activities and equity financing activities. In the foreseeable future, we believe that our liquidity requirements will be satisfied with a combination of cash flow generated from our operating activities, the net proceeds received from the Global Offering, and other funds raised from the capital markets from time to time. We will closely monitor the level of our working capital, and diligently review future cash flow requirements and adjust our operation and expansion plans, if necessary, to ensure that we maintain sufficient working capital to support our business operations.

FINANCIAL INFORMATION

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

	Year ended December 31,		
	2021	2022	2023
	<i>(RMB in thousands)</i>		
Loss before taxation	(684,627)	(626,783)	(692,794)
Adjustment for non-cash and non-operating items	24,295	108,573	148,117
Changes in working capital	217,356	(147,609)	(38,450)
Income tax paid	—	—	—
	<u> </u>	<u> </u>	<u> </u>
Net cash used in operating activities	(442,976)	(665,819)	(583,127)
Net cash used in investing activities	(10,165)	(37,608)	(27,188)
Net cash generated from financing activities	4,525	1,159,160	673,006
	<u> </u>	<u> </u>	<u> </u>
Net (decrease)/increase in cash and cash equivalents	(448,616)	455,733	62,691
Cash and cash equivalent at the beginning of the year	535,597	86,981	553,666
Effect of movements in exchange rates on cash held	—	10,952	(3,499)
	<u> </u>	<u> </u>	<u> </u>
Cash and cash equivalents at the end of year	<u>86,981</u>	<u>553,666</u>	<u>612,858</u>

Net Cash Used in Operating Activities

In 2023, we had net cash used in our operating activities of RMB583.1 million. Our net cash used in operating activities is attributable to our loss before taxation of RMB692.8 million, as adjusted by non-cash and non-operating items of RMB148.1 million, and further adjusted by working capital changes mainly comprising (i) a decrease in accruals and other payables of RMB34.2 million, and (ii) an increase in inventories of RMB11.2 million, partially offset by an increase in trade and bills payables of RMB20.1 million.

In 2022, we had net cash used in our operating activities of RMB665.8 million. Our net cash used in operating activities is attributable to our loss before taxation of RMB626.8 million, as adjusted by non-cash and non-operating items of RMB108.6 million, and further adjusted by working capital changes mainly comprising (i) an increase in prepayments, deposits and other receivables of RMB91.7 million, (ii) a decrease in accruals and other payables of RMB45.9 million, and (iii) a decrease in deferred income of RMB18.3 million, partially offset by a decrease in restricted cash of RMB17.7 million.

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In 2021, we had net cash used in our operating activities of RMB443.0 million. Our net cash used in operating activities is attributable to our loss before taxation of RMB684.6 million, as adjusted by non-cash and non-operating items of RMB24.3 million, and further adjusted by working capital changes mainly comprising (i) an increase in accruals and other payables of RMB175.0 million, (ii) an increase in trade and bills payables of RMB31.9 million, and (iii) a decrease in restricted cash of RMB12.7 million, partially offset by a decrease in trade receivables of RMB2.8 million.

We expect our net operating cash outflows position to improve concurrently with our results of operations, mainly through: (i) growing our customer base and enhancing user engagement, (ii) expanding our geographical coverage with fewer costs and expenses by improving our operational efficiency, (iii) continuously improving the quality of our services and solutions to increase customers' willingness to pay for the premium experience, (iv) establishing and optimizing our fleet sale and maintenance that assist drivers with reducing their expenses on charging and maintaining cars, thereby enhancing drivers' engagement with our platforms while allowing us to reduce drivers' service fee as a percentage of our revenue, (v) improving promotion and marketing efficiency by leveraging AI analytical technologies, (vi) enhancing our cooperation with social media platforms and other apps and websites to reduce customer acquisition cost, and (vii) enhancing and diversifying monetization opportunities by optimizing the prices for our services and expanding our service offerings.

Net Cash Used in Investing Activities

In 2023, we had net cash used in investing activities of RMB27.2 million, primarily due to (i) payment for purchase of property, plant and equipment of RMB20.3 million, and (ii) payment for purchase of intangible assets of RMB21.4 million, partially offset by interest received of RMB14.5 million.

In 2022, we had net cash used in investing activities of RMB37.6 million, primarily due to (i) payment for purchase of property, plant and equipment of RMB38.3 million, and (ii) payment for purchase of intangible assets of RMB11.6 million, partially offset by interest received of RMB12.3 million.

In 2021, we had net cash used in investing activities of RMB10.2 million, primarily due to (i) payment for purchase of property, plant and equipment of RMB17.4 million, and (ii) payment for purchase of intangible assets of RMB3.6 million, partially offset by interest received of RMB10.9 million.

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Net Cash Generated from Financing Activities

In 2023, our net cash generated from financing activities was RMB673.0 million, primarily due to (i) proceeds from exercise of warrants of RMB680.0 million, (ii) proceeds from issuance of other financial liabilities to investors of RMB468.6 million, and (iii) proceeds from advance payments from investors of RMB125.0 million, partially offset by repayment of other financial liabilities to investors of RMB667.5 million.

In 2022, our net cash generated from financing activities was RMB1,159.2 million, primarily due to (i) proceeds from issuance of other financial liabilities to investors of RMB667.5 million, (ii) proceeds from advance payments from investors of RMB249.9 million, and (iii) proceeds from issuance of convertible redeemable preferred shares of RMB226.2 million, partially offset by (i) repayment of loans and borrowings of RMB10.0 million, and (ii) capital element of rental paid of RMB9.6 million.

In 2021, our net cash generated from financing activities was RMB4.5 million, primarily due to proceeds from loans and borrowings of RMB10.0 million, partially offset by (i) capital element of rental paid of RMB4.2 million, and (ii) interest element of rental paid of RMB1.0 million.

Working Capital Sufficiency

We had negative operating cash flows during the Track Record Period. We may continue to record negative cash flows from operating activities in the future, in which case our working capital may be limited and our business, financial condition, results of operations and prospects may be materially and adversely affected. See “Risk Factors – Risks Related to Our Business and Industry – We had gross loss, net losses and net cash outflow during the Track Record Period, and may continue to incur gross loss, net losses or have net cash outflow in the future.”

Although we had negative operating cash flows during the Track Record Period, we believe we have sufficient working capital required for our operations based on our financial capabilities, including the investments from our Shareholders as well as loans and bank borrowings.

Our Directors are of the opinion that, and the Joint Sponsors concur, taking into account the net proceeds from the Global Offering and the financial resources available to us, including cash and cash equivalents, we have sufficient working capital for our present requirements, that is for at least 12 months from the date of this prospectus.

FINANCIAL INFORMATION

INDEBTEDNESS

The following table sets forth the details of our indebtedness as of the dates indicated:

	As of December 31,			As of
	2021	2022	2023	April 30, 2024
	<i>(RMB in thousands)</i>			<i>(unaudited)</i>
Current				
Loans and borrowings	10,000	23,011	14,033	25,104
Lease liabilities	9,854	11,535	31,007	7,578
Convertible redeemable preferred shares	–	247,973	1,161,283	2,101,867
Other financial liabilities issued to investors	–	726,813	888,913	–
Non-current				
Loans and borrowings	–	17,027	13,000	–
Lease liabilities	15,816	6,211	10,916	13,695
Total	<u>35,670</u>	<u>1,032,570</u>	<u>2,119,152</u>	<u>2,148,244</u>

Loans and Borrowings

As of December 31, 2021, 2022 and 2023, we had loans and borrowings of RMB10.0 million, RMB40.0 million and RMB27.0 million, respectively. We primarily used the funds for replenishment of working capital. As of December 31, 2021, the bank borrowings were unsecured at a fixed rate of 3.85% per annum and were fully repaid in September 2022. As of December 31, 2022, we had two short-term unsecured loans of RMB20.0 million with interest rates of 3.7% and 3.65% per annum, respectively, repayable within one year. As of December 31, 2022, we obtained a long-term unsecured borrowing from a PRC bank of RMB20.0 million. The fixed interest rate was 4.35% per annum, and the borrowing was repayable in installments within three years. As of December 31, 2023, we had one long-term unsecured bank borrowing of RMB17.0 million, with a fixed interest rate of 4.2% per annum; as of the same date, we had one short-term unsecured bank borrowings of RMB10.0 million in total with interest rates of 3.65% per annum, respectively. As of April 30, 2024, we had unutilized bank facilities of RMB50.0 million. See Note 23 to the Accountants' Report in Appendix I to this prospectus.

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Lease Liabilities

Lease liabilities are recognized at the commencement date of the lease at the present value of lease payments to be made over the term of the lease. We recognized lease liabilities of RMB25.7 million, RMB17.7 million and RMB41.9 million as of December 31, 2021, 2022 and 2023, respectively. Our lease liabilities decreased from RMB25.7 million as of December 31, 2021 to RMB17.7 million as of December 31, 2022, primarily due to the increased number of long-term leases that matured towards the end of 2022. Our lease liabilities increased from RMB17.7 million as of December 31, 2022 to RMB41.9 million as of December 31, 2023, primarily due to an increase in current portion of lease liability of RMB19.5 million, mainly in relating to the lease of Robotaxi vehicles to further develop our Robotaxi Services.

Contingent Liabilities

We did not have any material contingent liabilities as of December 31, 2021, 2022 and 2023.

Indebtedness Statement

Our Directors confirm that as of the Latest Practicable Date, there was no material covenant on any of our outstanding debt and there was no breach of any covenant during the Track Record Period and up to the Latest Practicable Date. Our Directors further confirm that our Group did not experience any difficulty in obtaining bank loans and other borrowings, default in payment of bank loans and other borrowings or breach of covenants during the Track Record Period and up to the Latest Practicable Date.

Except as disclosed above, as of the Latest Practicable Date, we did not have any bank loans or borrowings or other bank facilities on a consolidated basis. Our Directors have confirmed that there is no material change in our indebtedness since December 31, 2023 and up to the Latest Practicable Date.

KEY FINANCIAL RATIOS

The following table sets forth our key financial ratios for the periods indicated:

	Year ended December 31,		
	2021	2022	2023
Period-to-period revenue growth (%)	150.9	35.0	57.9
Gross margin ⁽¹⁾	(24.2)	(10.7)	(7.0)
Adjusted net margin (non-IFRS measure) (%) ⁽²⁾	(66.0)	(38.8)	(25.0)

Notes:

- (1) Gross margin equals gross profit divided by revenues for the period and multiplied by 100%.
- (2) Adjusted net margin (non-IFRS measure) equals adjusted net loss (non-IFRS measure) divided by revenues for the period and multiplied by 100%. For the reconciliation of net loss and adjusted net loss (non-IFRS measure), see “— Non-IFRS Measure.”

See “— Period-to-Period Comparison of Results of Operations” in this section for a discussion of the factors affecting our results of operations during the respective periods.

FINANCIAL INFORMATION

CAPITAL EXPENDITURES

During the Track Record Period, our capital expenditures primarily consisted of purchases of property, plant and equipment as well as purchases of intangible assets. The vehicles recognized as our property, plant and equipment represented our own Robotaxis. The following table sets forth our capital expenditures for the periods indicated:

	Year ended December 31,		
	2021	2022	2023
	<i>(RMB in thousands)</i>		
Purchase of property, plant and equipment	17,433	38,262	20,303
Purchase of intangible assets	<u>3,582</u>	<u>11,606</u>	<u>21,382</u>
Total	<u>21,015</u>	<u>49,868</u>	<u>41,685</u>

Our capital expenditures amounted to RMB21.0 million, RMB49.9 million and RMB41.7 million, in 2021, 2022 and 2023, respectively. We expect to incur additional capital expenditures in 2024 primarily for purchases of property, plant and equipment. We expect to finance such capital expenditures through operating cash flows. We may adjust our capital expenditures for any given period according to our development plans or in light of market conditions and other factors we believe to be appropriate.

CAPITAL COMMITMENTS

The following table sets forth the outstanding capital commitments as of the dates indicated:

	Year ended December 31,		
	2021	2022	2023
	<i>(RMB in thousands)</i>		
Contracted purchase of software	1,461	8,009	425
Contracted purchases of property, plant and equipment	<u>4,549</u>	<u>13,789</u>	<u>7,411</u>
Total	<u>6,010</u>	<u>21,798</u>	<u>7,836</u>

FINANCIAL INFORMATION

MATERIAL RELATED PARTY TRANSACTIONS

During the Track Record Period, we entered into various related party transactions. The following table sets forth our material related party transactions for the periods indicated:

	Year ended December 31,		
	2021	2022	2023
	<i>(RMB in thousands)</i>		
Purchases of services and goods	126,186	106,314	337,174
Lease of vehicles from a related party	307	57	–
Provision of services and sales of goods	5,020	19,982	114,138
Expenses paid on our Group’s behalf	1,343	1,372	2
Others ⁽¹⁾	460	127	1,691

Note:

- (1) Others mainly includes lease of vehicles to a related party, deposits received from related parties and deposits paid to related parties.

As of December 31, 2023, all of our amounts due to related parties that were non-trade in nature had been settled. For more details about our material related party transactions, see “Connected Transactions” and Note 33 to the Accountants’ Report included in Appendix I to this prospectus.

OFF-BALANCE SHEET COMMITMENTS AND ARRANGEMENTS

As of the Latest Practicable Date, we did not have any material off-balance sheet commitments or arrangements.

FINANCIAL RISKS DISCLOSURE

We are exposed to credit, liquidity, interest rate and currency risks arising in the normal course of our Group’s business. We manage and monitor these exposures to ensure appropriate measures are implemented on a timely and effective manner.

Credit Risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in a financial loss to our Group. Our Group’s credit risk is primarily attributable to trade receivables, deposits and other receivables. Our Group’s exposure to credit risk arising from cash and cash equivalents and restricted cash is limited because the counterparties are banks and financial institutions with high credit ratings, which our Group considers have low credit risks.

FINANCIAL INFORMATION

For details, see Note 31(a) to the Accountants' Report included in Appendix I to this prospectus.

Liquidity Risk

Individual operating entities within our Group are responsible for their own cash management, including the raising of loans to cover expected cash demands, subject to approval by our Company's board when the borrowings exceed certain predetermined levels of authority. Our Group's policy is to regularly monitor its liquidity requirements, to ensure that it maintains sufficient reserves of cash and adequate committed lines of funding from major financial institutions to meet its liquidity requirements in the short and longer term.

See Note 31(b) to the Accountants' Report included in Appendix I to this prospectus for more details about the contractual maturities of our financial liabilities.

Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Our Group does not account for any fixed-rate financial instruments at fair value through profit or loss at the end of each reporting periods. Therefore, interest-bearing financial instruments at fixed rates do not expose our Group to fair value interest rate risk. Our Group's interest rate risk arises primarily from cash at banks at variable rates, which exposes our Group to cash flow interest rate risk.

See Note 31(c) to the Accounts' Report included in Appendix I to this prospectus.

Currency Risk

Our Group is exposed to currency risk primarily through transactions or recognized monetary assets and liabilities that are denominated in a currency other than the functional currency of the operations to which the transactions relate. Our transactions in the PRC are mainly denominated in RMB. Our Company and our subsidiaries in other geographical locations normally adopt the local currency as the functional currency and normally conduct transactions in that local currency. As a result, the directors do not expect that there was any significant foreign exchange exposure which may arise as a currency risk for us during the Track Record Period. Our Group was mainly exposed to the currency risk relating to the cash balances that are denominated in a foreign currency during the Track Record Period. The cash balances denominated in foreign currency at the end of each reporting periods were insignificant.

Fair Value Measurement

The carrying amounts of our Group's financial instruments carried at amortized cost are not materially different from their fair values as of December 31, 2021, 2022 and 2023.

FINANCIAL INFORMATION

DIVIDENDS

During the Track Record Period, we did not declare or distribute any dividend.

According to our Articles of Association and applicable laws and regulations, the decision on whether to pay dividends will be made at the discretion of our Directors and will depend upon, among others, the financial results, cash flow, business conditions and strategies, future operations and earnings, capital requirements and expenditure plans, any restrictions on payment of dividends and other factors that our Directors may consider relevant. We do not have a predetermined dividend payout ratio. We will evaluate our dividend policy in light of our financial condition and the prevailing economic environment.

Subject to the Cayman Companies Act, through a general meeting, we may declare dividends, but no dividend may be declared unless out of either profit or share premium account and no dividend shall exceed the amount recommended by our Board. Any declaration of dividends will be at the absolute discretion of our Directors and will depend on our future operations and earnings, capital requirements and surplus, general financial conditions, contractual restrictions and other factors that our Directors consider relevant. Our Board may also from time to time pay interim dividends as our Board believes to be justified by the profits of our Company, as well as special dividends on shares of any class of such amounts and on such dates as it deems fit. We cannot guarantee in what form dividends will be paid in the future. As advised by our legal advisor on Cayman Islands law, under the Cayman Companies Act, a position of accumulated losses does not necessarily restrict us from declaring and paying dividends to our Shareholders as dividends may be declared and paid out of our share premium account, provided that immediately after the date on which the dividend is proposed to be paid, we will be able to pay our debts as they fall due in the ordinary course of business.

As we are a holding company, our ability to declare and pay dividends will also depend on the availability of dividends received from our subsidiaries, including our PRC companies. PRC laws require that dividends be paid only out of the net profit calculated according to PRC accounting principles. PRC laws also require foreign invested enterprises to set aside part of their net profit as statutory reserves, which are not available for distribution as cash dividends. Distributions from our subsidiaries may also be restricted if they incur debt or losses, or in accordance with any restrictive covenants in bank credit facilities or other agreements that we or our subsidiaries may enter into in the future.

DISTRIBUTABLE RESERVES

As of December 31, 2023, we did not have any distributable reserves.

FINANCIAL INFORMATION

LISTING EXPENSES

The listing expenses represent professional fees, underwriting commission and other fees incurred in connection with the Global Offering. We estimate that our listing expenses, including underwriting commission for the Global Offering, will be approximately HK\$84.6 million (including (i) underwriting-related expenses (including but not limited to commissions and fees) of approximately HK\$29.8 million, and (ii) non underwriting-related expenses of approximately HK\$54.8 million, which consist of (a) fees and expenses of legal advisors and Reporting Accountants of approximately HK\$37.2 million, and (b) other fees and expenses of approximately HK\$17.6 million), representing approximately 7.1% of the gross proceeds from the Global Offering (assuming an Offer Price of HK\$39.70 per Offer Share (being the midpoint of the indicative Offer Price range)), of which approximately HK\$33.6 million is directly attributable to the issue of our Offer Shares and will be deducted from equity, approximately HK\$31.7 million has been expensed during the Track Record Period and the remaining amount of approximately HK\$19.3 million of the listing expenses is expected to be expensed prior to the Listing.

UNAUDITED PRO FORMA STATEMENT OF ADJUSTED NET TANGIBLE ASSETS

Please refer to Appendix II to this prospectus for details.

NO MATERIAL ADVERSE CHANGE

Our Directors have confirmed that, up to the date of this prospectus, there has been no material adverse change in our financial or trading position or prospects since December 31, 2023, being the end date of our latest audited financial statements, and there has been no event since December 31, 2023 that would materially affect the information shown in the Accountants' Report included in Appendix I to this prospectus.

DISCLOSURE UNDER RULES 13.13 TO 13.19 OF THE LISTING RULES

Our Directors confirm that as of the Latest Practicable Date, there are no circumstances that would give rise to a disclosure requirement under Rules 13.13 to 13.19 of the Listing Rules.

FUTURE PLANS AND USE OF PROCEEDS

FUTURE PLANS

See “Business – Our Strategies” for a detailed discussion of our future plans.

USE OF PROCEEDS

Assuming an Offer Price of HK\$39.70 per Offer Share (being the mid-point of the stated range of the Offer Price between HK\$34.00 and HK\$45.40 per Offer Share), we estimate that we will receive net proceeds of approximately HK\$1,106.6 million from the Global Offering after deducting the underwriting commissions, fees and other estimated expenses in connection with the Global Offering. In line with our strategies, we intend to use our proceeds from the Global Offering for the following purposes:

- approximately 40%, or HK\$442.6 million (equivalent to approximately RMB403.2 million), is expected to be used for the R&D activities of autonomous driving and Robotaxi operation service, with the detailed breakdown of the proceeds to be allocated as follows:
 - i. approximately 15% will be used for the R&D activities of our proprietary open Robotaxi operation technology platform, including the development, iteration and maintenance of the vehicle management system (VMS), operation management platform (OMP) and Robotaxi data platform (RDP). The objective is to (a) enhance the openness and generalization capability of the Robotaxi operation technology platform, making it compatible with more Robotaxi vehicle models from a wider range of autonomous driving solution providers and automobile manufacturers; (b) realize real-time multidimensional monitoring of vehicles on the Robotaxi operation technology platform, including, among others, vehicle conditions, driving mileage and duration and order status; and (c) improve safety measures of our Robotaxi services, including the development of functions such as remote control, emergency disposal and emergency rescue.

We plan to invest proceeds in R&D staff recruitment and retention, server operation and maintenance, and operation support, with an investment ratio of approximately 70%, 20%, and 10% respectively, and complete the above objectives in three years, i.e., by 2026.

In 2024, we plan to complete the foundational construction of our open Robotaxi operation technology platform. The main goal is to develop the VMS and RDP, so as to upgrade the compatibility of our operation platform across different autonomous driving technologies, and service capabilities. We plan to allocate RMB13 million for 20 R&D staff, RMB8 million for server costs and RMB3 million for operational maintenance.

FUTURE PLANS AND USE OF PROCEEDS

In 2025, the main goal is to develop the OMP, so as to achieve end-to-end real-time monitoring digitization, enhance safety supervision and improve fleet maintenance support facilities. We plan to allocate RMB13 million for 20 R&D staff, RMB8 million for server costs and RMB3 million for operational maintenance.

In 2026, the main goal is to continuously optimize the OMP, so as to extend our capabilities to tackle long-tail scenarios, and may use the remaining proceeds to cope with market changes and improve operation services. We plan to allocate RMB13 million for 20 R&D staff, RMB8 million for server costs and RMB3 million for operational maintenance.

- ii. approximately 15% will be used for the R&D activities of a highly integrated AI platform and a comprehensive one-stop data solution, which integrates a comprehensive range of components including a one-stop data collection platform (OnTime Data Collects), a data management platform (OnTime Data Management), a customized data annotation platform (OnTime Data Encoder), an AI model training and testing platform (OnTime AI Trainer) and an autonomous driving scenario library, to form a training system that propels the further advancement of autonomous driving technologies so as to optimize operational management with data analysis. To achieve this goal, we expect to invest in data storage and management, advancement of 2D/3D intelligent annotation technology, iteration of AI training and evaluation platform architecture, data compliance and security management and algorithm model training and optimization.

To support our R&D plans, we intend to invest in recruiting and retaining R&D, algorithm annotation staff, and purchase equipment including data collection vehicles, GPU servers, CPU storage servers and other regular operation and maintenance equipment. The following table sets forth our detailed plan for the development of AI platform and one-stop data solution.

Area	Investment Percentage
OnTime Data Collects	20%
OnTime Data Management	20%
OnTime Data Encoder	30%
OnTime AI Trainer	30%

In 2024, we plan to integrate our one-stop data collection platform, including OnTime Data Collects, OnTime Data Management and OnTime Data Encoder. We expect to achieve small-scale closed loop verification of data, which serves to validate our data solution technologies. We plan to allocate RMB18 million for 30 R&D staff, RMB2 million for 20 algorithm annotation staff, RMB7 million for two data collection vehicles, 30 GPU servers, 30 CPU storage servers and 30 personal computers and RMB2 million for operational maintenance.

FUTURE PLANS AND USE OF PROCEEDS

In 2025, we plan to refine and improve platform functions as well as iterate automatic annotation models by developing the OnTime AI Trainer. We expect to deliver complete or partial technical solutions to several clients for commercial deployment. We plan to allocate RMB24 million for 40 R&D staff, RMB6 million for 50 algorithm annotation staff, RMB11 million for two data collection vehicles, 50 GPU servers, 50 CPU storage servers and 40 personal computers and RMB4 million for operational maintenance.

In 2026, we plan to offer comprehensive online and offline integrated intelligent driving data solutions and start undertaking sizable commercial projects. We plan to allocate RMB30 million for 50 R&D staff, RMB9 million for 80 algorithm annotation staff, RMB11 million for three data collection vehicles, 80 GPU servers, 80 CPU storage servers and 50 personal computers and RMB7 million for operational maintenance.

- iii. approximately 10% will be used for the R&D activities of a crowdsourced HD mapping solution with capabilities including all-scenario data collection, high-precision data processing, a rich set of mapping elements, automated algorithms, and whole-process quality control to ensure the accuracy of the real-time crowdsourced maps and achieve an integrated vehicle, channel and cloud data update process, so as to optimize operational management with data analysis. To achieve this goal, we expect to invest in developing core algorithms, enhancing algorithm performance, improving robustness in various scenarios and building a crowdsourcing ecosystem for HD map encompassing diverse sources.

We intend to invest in recruiting and retaining R&D staff and mapping specialists, and purchase data resources and equipment including survey and mapping vehicles, GPU servers and CPU storage servers. The following table sets forth our detailed plan for the development of HD mapping solutions.

Area	Investment Percentage
Vehicle-end Local Real-time HD Mapping System	70%
HD Map Cloud Data Management Platform	10%
Cloud Platform for HD Map Update/Quality Inspection/Release	10%
HD Map Crowdsourcing Management System	10%

In 2024, we plan to develop and validate key technologies for real-time, high-definition map development. We plan to allocate RMB12 million for 20 R&D staff and mapping specialists, RMB7 million for data resources and RMB7 million for two survey and mapping vehicles, 24 GPU servers, four CPU storage servers and 20 personal computers.

FUTURE PLANS AND USE OF PROCEEDS

In 2025, we aim to integrate a full-process system with online mapping, crowdsourced feedback, and cloud data management. We expect to achieve commercial deployment. We plan to allocate RMB18 million for 30 R&D staff and mapping specialists, RMB10 million for data resources and RMB5 million for two survey and mapping vehicles, 12 GPU servers, four CPU storage servers and ten personal computers.

In 2026, we plan to roll out mass-market applications, enhance business integration, generalize mapping capabilities, achieve proactive identification via crowdsourcing, leverage big data analytics with cloud data lake, and offer daily updates for crowdsourced high-definition maps. We will establish a mapping system that can map, update, quality check and publish intelligently, meeting the demands of autonomous driving services. We plan to undertake large-scale commercial projects and continuously optimize our delivery capabilities. We plan to allocate RMB20 million for 35 R&D staff and mapping specialists, RMB5 million for data resources and RMB3 million for 12 GPU servers, four CPU storage servers and five personal computers.

- approximately 20%, or HK\$221.3 million (equivalent to approximately RMB201.6 million), is expected to be used for product upgrading and operational efficiency improvement of our mobility services, with the detailed breakdown of the proceeds to be allocated as follows:
 - i. approximately 10% will be used to optimize the intelligence of the service process of our mobility services, including the development of intelligent application products for scenarios such as service monitoring, driver management, risk control and customer service leveraging our own mobility scenario library. For example, in customer service, we expect to train customer service robots with customer service use case materials and knowledge bank, enabling them to comprehend customer requests and respond through natural language conversations, accurately addressing inquiries and providing useful information, and thereby helping us reduce cost and improve operational efficiency.

Over the next three years, we plan to invest annually in relevant AI models training, supporting technology development, equipment (including server costs) and relevant personnel.

In 2024, we plan to develop AI models such as natural language processing, voice recognition, semantic analysis, and knowledge graph to handle incoming issues from drivers and passengers at different levels. We also plan to develop a tiered intelligent customer service system. We plan to allocate RMB15 million for 23 R&D staff, RMB10 million for server costs and RMB5 million for operational maintenance.

In 2025, we plan to optimize the management of the business knowledge base, build an intelligent customer service center, accurately identifying and classifying customer complaints, and improving the 24-hour response rate for

FUTURE PLANS AND USE OF PROCEEDS

incoming inquiries. We also plan to invest in the development of reinforcement learning algorithms, to identify high-risk behaviors of drivers or riders, make timely risk predictions or risk identifications, thereby avoiding and controlling risks, taking measures such as requiring prepayment for suspicious orders, conducting safety education and training for drivers who drive irregularly. We plan to allocate RMB15 million for 23 R&D staff, RMB10 million for server costs and RMB5 million for operational maintenance.

In 2026, we plan to continuously iterate and optimize our overall intelligent for drivers and riders and safety risk control processes. With the help of intelligent tools and capabilities, we aim to improve the overall efficiency of the mobility service process. We plan to allocate RMB10 million for 15 R&D staff, RMB10 million for server costs and RMB5 million for operational maintenance.

- ii. approximately 10% will be used to continuously enhance the product experience and operational efficiency of our mobility services, including, among others, (i) enriching our mobility service offerings to meet diverse user demands; (ii) amplifying the synergies among our mobility services, especially refining the hybrid operation of manned ride-hailing and Robotaxi services and offer smooth Robotaxi experience where enhanced technologies have potential to enable a broader service scope and more flexible service manner; (iii) continuously optimizing the dispatching algorithm mechanism and introducing advanced intelligent models to improve the efficiency of order matching, thus improving drivers' response rates and reducing riders' waiting times. Our dispatch algorithms will be enhanced to handle the mixed scheduling of manned vehicles and Robotaxis. This includes optimizing vehicle dispatch by recognizing traffic congestion, estimating congestion duration, differentiating peak and off-peak periods, and considering vehicle status and proximity to the destination.

In 2024, we plan to optimize our intelligent matching algorithms to improve supply-demand matching. We will also iterate our products based on market demand, enriching our product matrix, including Robotaxis. We will introduce intelligent training processes for the drivers and riders to increase user retention. We plan to allocate RMB20 million for 36 R&D staff, RMB10 million for server costs and RMB5 million for operational maintenance.

In 2025, relying on our massive historical supply and demand data, we plan to enhance our prediction capabilities of future supply and demand. We will intelligently dispatch resources to improve travel experience, plan driving routes more efficiently, reduce driver idle rates, and increase vehicle utilization. We will also further integrate the hybrid operation of manned ride-hailing and Robotaxi services. We plan to allocate RMB15 million for 27 R&D staff, RMB10 million for server costs and RMB5 million for operational maintenance.

FUTURE PLANS AND USE OF PROCEEDS

In 2026, we plan to continuously iterate and optimize our intelligent algorithms and plan to open up our intelligent algorithm capabilities to the public. In collaboration with our business partners, we will jointly cope with traffic and road planning issues, improving urban traffic and travel efficiency. We plan to allocate RMB5 million for 9 R&D staff, RMB10 million for server costs and RMB5 million for operational maintenance.

- approximately 20%, or HK\$221.3 million (equivalent to approximately RMB201.6 million) is expected to be used to expand user base, enhance brand awareness and increase market share in the implementation of our geographical expansion strategy, with the detailed breakdown of the proceeds to be allocated as follows:
 - i. approximately 15% will be used for user acquisition and retention through effective utilization of both online and offline resources. We expect to invest in online advertising on well-known social platforms in China, referral incentive programs for both riders and drivers, offline advertising such as on-the-ground promotions and elevator advertising. We also expect to invest in search engine optimization, including (i) enhancing the brand awareness by ensuring that search results on mainstream social platforms and search engines accurately and positively reflect our brand image, in accordance with platform guidelines and through technical and operational means, and (ii) enhancing the service reputation by maintaining and improving the user perception of our mobility service platform on major domestic application markets, so as to further increase user affinity and facilitate the conversion of potential users into our active users.

We anticipate that peers in the mobility market will continue to compete for new and existing users. This competition will primarily involve online and offline customer acquisition, building customer awareness, and enhancing reputation. We plan to use our geographical expansion strategy to penetrate a broader geographical market and build competitive advantages. Our strategy involves creating a grid-based customer acquisition system centered on key geographical locations and core scenarios, which employs electronic geofencing technology to segment urban areas into a grid pattern, focusing on key mobility service demand scenarios such as commuting, leisure, and healthcare. This enables us to tailor our marketing efforts to the distinct characteristics and needs of potential customers in each grid, using a mix of online targeted advertising, offline exposure, and ground promotions to drive differentiated exposure and marketing conversion, thereby achieving more cost-effective and precise customer acquisition.

FUTURE PLANS AND USE OF PROCEEDS

We intend to invest in (i) online advertising on major social media and news platforms. By using location-based services and scenario-based customer acquisition, we aim to boost our online traffic; (ii) ground promotion based on a grid-based customer acquisition system to increase the precision of offline traffic; (iii) referral rewards to leverage our existing users and benefit from the word-of-mouth effect; (iv) offline point-of-exposure advertising to build brand awareness and improve brand recognition; and (v) search engine optimization and other customer acquisition strategies.

The following table sets forth our detailed plan for user acquisition and retention.

Activity	Investment Percentage		
	2024	2025	2026
Online advertising	18%	23%	25%
Ground promotion	50%	42%	40%
Referral rewards	10%	10%	10%
Offline point-of-exposure advertising	17%	20%	20%
Search engine optimization and other customer acquisition strategies	5%	5%	5%

Through this combined strategy, we aim to improve the efficiency of precise customer acquisition, increase the scale of customer acquisition, and enhance the contribution of customers to our platform over time.

- ii. approximately 5% will be used for the branding activities, including brand promotion and public relations. For example, we expect to invest in promoting the Robotaxi brand image, hosting brand strategy release events, participating in domestic and international automobile exhibitions and transportation industry forums to enhance brand recognition within and beyond the Greater Bay Area, strengthen our reputation in Robotaxi operation and facilitate our expansion outside the Greater Bay Area.

The following table sets forth our detailed plan for branding activities:

Activity	Investment Percentage		
	2024	2025	2026
Brand building	20%	20%	15%
Brand promotion	40%	40%	45%
Public relations and communication	40%	40%	40%

FUTURE PLANS AND USE OF PROCEEDS

- approximately 10%, or HK\$110.7 million (equivalent to approximately RMB100.8 million), is expected to be used for building strategic partnerships, investments and acquisitions along the mobility industry value chain to optimize user experience with enriched and enhanced service offerings, improve results of operations, increase market penetration and strengthen industry leadership. Our potential targets include the following:
 - (i) Mobility service partners:
 - User Traffic: We aim to rapidly grow our rider base, reduce rider acquisition costs, and improve rider base quality. We are interested in platforms with user traffic that can be converted into travel scenarios. Given the strong correlation between travel needs and local life (leisure, entertainment, etc.), our potential strategic partners and investment targets include local lifestyle platforms and vertical scenario application platforms.
 - Service Capacity: We aim to quickly expand our compliant service fleet and effectively manage our driver team (improving driver stickiness and online rate). Potential partners include local car partners and other vehicle/driver service and management providers. We anticipate that compliant driver fleet will gradually become a scarce resource in increasing demand. We plan to strengthen cooperation with car partners who can meet regulatory compliance requirements, including through investment and acquisition.
 - (ii) Technology service partners: We intend to stay abreast of the development of generative AI technology. We believe it will propel market demand for AI data solutions and further promote their intelligence and automation. We are interested in early-stage startups focusing on generative AI technology and AI data solutions. We also believe this technology may help accelerate the development and commercialization of autonomous driving technology. Startups improving autonomous driving perception capabilities using generative AI technology are potential cooperation targets.
 - (iii) Fleet sale and maintenance partners: Fleet sale and maintenance are location-based and may have notable economy of scale once we establish a network. As our mobility service business expands geographically, we will develop fleet sale and maintenance in sync. We may consider expanding regional coverage through strategic cooperation and investment acquisitions.
 - Aftermarket Fleet Sale and Maintenance: We aim to better meet the diverse service needs of drivers and car partners to reduce vehicle maintenance costs and increase vehicle operating time and, in turn, improve driver stickiness. Potential partners include non-chain independent automobile service companies with robust aftermarket service capabilities.

FUTURE PLANS AND USE OF PROCEEDS

- **Energy Partners:** We plan to work with energy partners to tap into daily charging services for manned vehicles and Robotaxis, including charging station construction, daily maintenance, and offering competitive energy prices. Potential partners include EV charging service providers.

According to Frost & Sullivan, the relevant markets are rather fragmented, with a diverse range of potential targets that may possess the required qualities, thus there is an abundance of potential targets in the areas we focus on. We will continue to build strategic partnerships with partners throughout the industry chain and will consider investments or acquisitions in line with the needs of business cooperation. We plan to invest in three to five projects over the next three years with the amount for each project to be approximately HK\$10 million to HK\$20 million. These investments are projected to support business growth and enhance efficiency across our main business segments. As of the Latest Practicable Date, the specific targets for investment have not been determined. We will carefully evaluate the necessity for investment based on factors such as our development stage, the demands of cooperation and the actual circumstances of potential partners.

- approximately 10%, or HK\$110.7 million (equivalent to approximately RMB100.8 million), is expected to be used for working capital and general corporate purposes.

Based on our strategies and intended use of proceeds from the Global Offering, we set out below our proposed implementation plans from the Listing for your reference. Potential investors should note that the following implementation plans are formulated on the bases and assumptions which are inherently subject to many uncertainties and unpredictable factors, in particular the risk factors set forth in the section headed “Risk Factors” in this prospectus. Therefore, there is no assurance that our business plans will materialize in accordance with the estimated time frame and that our future plans will be accomplished at all. The details of our future plan are set out below:

	Use of proceeds					% of net proceeds
	2024	2025	2026	After 2026	Total	
	<i>(HKD in millions)</i>					
R&D activities of autonomous driving and Robotaxi operation service	86.6	111.0	120.0	125.0	442.6	40.0%
Product upgrading and operational efficiency improvement of our mobility services	70.2	63.4	48.1	39.6	221.3	20.0%
Expanding user base, enhancing brand awareness and increasing market share in the implementation of our geographical expansion strategy	63.4	63.4	63.4	31.1	221.3	20.0%
Building strategic partnerships, investments and acquisitions along the mobility industry value chain	–	77.0	19.2	14.5	110.7	10.0%
Working capital and general corporate purposes	28.9	28.9	28.9	24.0	110.7	10.0%

FUTURE PLANS AND USE OF PROCEEDS

If the Offer Price is set at the high-end of the Offer Price range or the low-end of the Offer Price range, the net proceeds of the Global Offering will increase or decrease to approximately HK\$1,273.3 million and HK\$939.8 million, respectively. To the extent that the net proceeds from the Global Offering are either more or less than expected, we will adjust our allocation of the net proceeds for the above purposes on a pro rata basis.

In the event of any material change in our use of net proceeds of the Global Offering from the purposes described above or in our allocation of the net proceeds among the purposes described above, an appropriate announcement will be made on a timely basis.

To the extent that the net proceeds from the Global Offering are not immediately used for the above purposes, we will only deposit such net proceeds into short-term interest-bearing accounts at licensed commercial banks and/or other authorized financial institutions (as defined under the Securities and Futures Ordinance or for non-Hong Kong based deposits, the applicable laws and regulations in the relevant jurisdictions).

CORNERSTONE INVESTORS

THE CORNERSTONE INVESTMENT

We have entered into cornerstone investment agreements (each a “**Cornerstone Investment Agreement**”, and together the “**Cornerstone Investment Agreements**”) with the cornerstone investors set out below (each a “**Cornerstone Investor**”, and together the “**Cornerstone Investors**”), pursuant to which the Cornerstone Investors have agreed to, subject to certain conditions, subscribe at the Offer Price for such number of Offer Shares (rounded down to the nearest whole board lot of 100 Shares) that may be purchased for an aggregate amount of US\$102.28 to US\$105.00 million (or approximately HK\$798.82 to HK\$820.10 million, calculated based on an exchange rate of US\$1.00 to HK\$7.8103 and the indicative Offer Price range of HK\$34.00 and HK\$45.40) (the “**Cornerstone Investment**”).

Assuming an Offer Price of HK\$34.00, being the low-end of the indicative Offer Price range set out in this Prospectus, the total number of Offer Shares to be subscribed by the Cornerstone Investors would be 23,494,500 Offer Shares, representing (a) approximately 78.30% of the Offer Shares pursuant to the Global Offering and (b) approximately 11.51% of our total issued share capital immediately upon completion of the Global Offering.

Assuming an Offer Price of HK\$39.70, being the mid-point of the indicative Offer Price range set out in this Prospectus, the total number of Offer Shares to be subscribed by the Cornerstone Investors would be 20,657,300 Offer Shares, representing (a) approximately 68.85% of the Offer Shares pursuant to the Global Offering and (b) approximately 10.12% of our total issued share capital immediately upon completion of the Global Offering.

Assuming an Offer Price of HK\$45.40, being the high-end of the indicative Offer Price range set out in this Prospectus, the total number of Offer Shares to be subscribed by the Cornerstone Investors would be 18,063,700 Offer Shares, representing (a) approximately 60.20% of the Offer Shares pursuant to the Global Offering and (b) approximately 8.85% of our total issued share capital immediately upon completion of the Global Offering.

Among the Cornerstone Investors, GAIG, Hongkong Pony AI Limited (“**Pony AI**”) and Voyager Group Inc. (“**Voyager**”) are our existing shareholders or their close associates. Upon completion of GAIG’s Cornerstone Investment, GAIG, GAC and China Lounge will become our Controlling Shareholders. Our Company has applied for, and the Stock Exchange has granted, waivers from strict compliance with the Listing Rules in respect of the Cornerstone Investment made by those existing Shareholders. See “Waivers from Strict Compliance with the Listing Rules and Exemptions from Compliance with the Companies (Winding Up and Miscellaneous Provisions) Ordinance – Waiver and Consent in relation to the Subscription of the Offer Shares.”

The Cornerstone Investment will form part of the International Offering and the Cornerstone Investors and their respective close associates will not subscribe for any Offer Shares under the Global Offering (other than pursuant to the Cornerstone Investment Agreements). The Offer Shares to be subscribed by the Cornerstone Investors will rank *pari passu* in all respect with the fully paid Shares in issue and will be counted towards the public

CORNERSTONE INVESTORS

float of our Company for the purpose of Rule 8.08 of the Listing Rules, except for the Offer Shares subscribed by GAIG. Immediately following the completion of the Global Offering, except for GAIG, none of the Cornerstone Investors will become a substantial shareholder of our Company. The Cornerstone Investors or their close associates will not, by virtue of their cornerstone investments, have any Board representation in our Company. Other than a guaranteed allocation of the relevant Offer Shares at the final Offer Price, the Cornerstone Investors do not have any preferential rights in the Cornerstone Investment Agreements compared with other public Shareholders, and none of the Cornerstone Investors or any of their affiliates, directors, officers, employees, agents or representatives, has accepted or entered into any agreement or side arrangement to accept any direct or indirect benefits by side letter or otherwise, from the Company, any member of our Group, or any of their respective affiliates, directors, officers, employees, agents or representatives in the Global Offering or otherwise has engaged in any conduct or activity inconsistent with, or in contravention of, Chapter 4.15 of the Guide for New Listing Applicants issued by the Stock Exchange.

To the best knowledge of our Company and save as disclosed above, (i) except for GAIG, each of the Cornerstone Investors and their respective ultimate beneficial owners is an Independent Third Party; (ii) except for GAIG, Pony AI and Voyager, none of the Cornerstone Investors is accustomed to take instructions from our Company, our subsidiaries, the Directors, chief executive of our Company, our Controlling Shareholders, substantial Shareholders, existing Shareholders or their respective close associates in relation to the acquisition, disposal, voting, or other disposition of Shares registered in its name or otherwise held by it; and (iii) except for GAIG, Pony AI and Voyager, none of the subscription of the relevant Offer Shares by any of the Cornerstone Investors is directly or indirectly financed by our Company, the Directors, chief executive of our Company, our Controlling Shareholders, substantial Shareholders, existing Shareholders or any of our subsidiaries or their respective close associates. In addition, to the best knowledge of our Company, each of the Cornerstone Investors is independent from each other, except for GAIG, and makes independent investment decisions.

As confirmed by each Cornerstone Investor, its subscription under the Cornerstone Investment Agreements would be financed by their own internal financial resources. Each of the Cornerstone Investors has confirmed that all necessary approvals have been obtained with respect to the cornerstone investment and that none of the Cornerstone Investors or their shareholders are listed on any stock exchange and no specific approval from any stock exchange is required for the relevant Cornerstone Investment.

The Cornerstone Investors will fully pay for the relevant Offer Shares that they have subscribed for before dealings in the Company's Shares commence on the Stock Exchange. There will be no delayed delivery or delayed settlement of the Offer Shares to be subscribed by the Cornerstone Investor.

CORNERSTONE INVESTORS

The total number of Offer Shares to be subscribed by the Cornerstone Investors pursuant to the Cornerstone Investment may be affected by reallocation of the Offer Shares between the International Offering and the Hong Kong Public Offering. If the total demand for Shares in the Hong Kong Public Offering falls within the circumstance as set out in the section headed “Structure of the Global Offering – The Hong Kong Public Offering – Reallocation” in this Prospectus of our Company, our Company and the Overall Coordinators have the absolute discretion, but not obliged, to deduct the number of Offer Shares to be subscribed by the Cornerstone Investors on a *pro rata* basis under the Hong Kong Public Offering pursuant to Practice Note 18 of the Listing Rules. Details of the actual number of Offer Shares to be allocated to the Cornerstone Investors will be disclosed in the allotment results announcement of our Company to be published on or around Tuesday, July 9, 2024.

Our Company is of the view that, leveraging on the Cornerstone Investors’ investment experience, the Cornerstone Investment will help raise the profile of our Company and to signify that such investors have confidence in our business and prospect. Our Company became acquainted with GAIG, Pony AI and Voyager as they are existing Shareholders or their close associates. Our Company became acquainted with WeRide Inc. (“**WeRide**”) through prior business occasions.

THE CORNERSTONE INVESTORS

The information about our Cornerstone Investors set forth below has been provided by our Cornerstone Investors in connection with the Cornerstone Investment.

GAIG

GAIG is a Chinese state-owned joint stock holding company ultimately controlled by the State-Owned Assets Administration Bureau of Guangzhou Municipal People’s Government (“**Guangzhou SASAC**”) and Guangdong Provincial Finance Department as to 90% and 10%, respectively. GAIG is principally engaged in the design and manufacture of automotive vehicles and components for domestic and international markets, automotive sales and logistics, automotive finance, insurance and related services. See “Relationship with GAIG” and “Substantial Shareholders” for more information on GAIG.

Pony AI

Pony AI is a company incorporated under the laws of Hong Kong, which is wholly owned by Pony AI Inc., a company incorporated in the Cayman Islands. Pony AI Inc. is, in turn, controlled by Mr. Peng Jun, who holds more than 50% of the voting rights of Pony AI Inc. Pony AI is a global leading autonomous driving company aiming to mass commercialize its revolutionary autonomous driving technology to deliver safe, sustainable, and accessible mobility to people and businesses around the world. See “History, Reorganization and Corporate Structure – Pre-IPO Investments – 4. Information relating to the Pre-IPO Investors” for more information on Pony AI.

CORNERSTONE INVESTORS

Voyager

Voyager is a company incorporated in the Cayman Islands and is principally engaged in development and commercialization of autonomous vehicles. As of the Latest Practicable Date, Voyager is controlled by DiDi Global Inc. DiDi Global Inc. is a leading technology platform for shared mobility, with operations in China and 14 other countries through its platforms or its partnerships across the world. It offers services including ride hailing, online taxi, chauffeur, hitch, and other forms of shared mobility. Its other initiatives mainly consist of bike and e-bike sharing, certain energy and vehicle services, intra-city freight, autonomous driving and financial services.

WeRide

WeRide is a company incorporated in the Cayman Islands, and is ultimately controlled by Tony Xu Han, who holds 30.3% of the aggregate voting power, while all other shareholders each holds no more than 15% of the voting power. WeRide provides autonomous driving products and services from L2 to L4, addressing the vast majority of transportation needs across the wide range of use cases on open road, including in mobility, logistics, and sanitation industries.

The table below sets forth details of the Cornerstone Investment:

Based on the Offer Price of HK\$34.00 (being the low-end of the indicative range of the Offer Price)

Cornerstone Investor	Total investment Amount ⁽²⁾ (in million)	Number of Offer Shares to be acquired ⁽¹⁾⁽²⁾	Approximate % of the Offer Shares	Approximate % of ownership	Aggregate % of ownership upon completion of the Global Offering
GAIG ⁽³⁾	HK\$359.10	10,561,600	35.20%	5.17%	35.52%
Pony AI	HK\$53.11	1,561,900	5.21%	0.77%	5.37%
Voyager	HK\$231.97	6,822,600	22.74%	3.34%	5.79%
WeRide	HK\$154.65	4,548,400	15.16%	2.23%	2.23%
Total	HK\$798.82	23,494,500	78.30%	11.51%	48.91%

CORNERSTONE INVESTORS

Based on the Offer Price of HK\$39.70 (being the mid-point of the indicative range of the Offer Price)

Cornerstone Investor	Total investment Amount ⁽²⁾ (in million)	Number of Offer Shares to be acquired ⁽¹⁾⁽²⁾	Approximate % of the Offer Shares	Approximate % of ownership	Aggregate % of ownership upon completion of the Global Offering
GAIG ⁽³⁾	HK\$380.38	9,581,300	31.93%	4.69%	35.04%
Pony AI	HK\$53.11	1,337,700	4.46%	0.66%	5.26%
Voyager	HK\$231.97	5,843,000	19.47%	2.86%	5.31%
WeRide	HK\$154.65	3,895,300	12.98%	1.91%	1.91%
Total	HK\$820.10	20,657,300	68.85%	10.12%	47.52%

Based on the Offer Price of HK\$45.40 (being the high-end of the indicative range of the Offer Price)

Cornerstone Investor	Total investment Amount ⁽²⁾ (in million)	Number of Offer Shares to be acquired ⁽¹⁾⁽²⁾	Approximate % of the Offer Shares	Approximate % of ownership	Aggregate % of ownership upon completion of the Global Offering
GAIG ⁽³⁾	HK\$380.38	8,378,300	27.92%	4.10%	34.45%
Pony AI	HK\$53.11	1,169,700	3.90%	0.57%	5.17%
Voyager	HK\$231.97	5,109,400	17.03%	2.50%	4.95%
WeRide	HK\$154.65	3,406,300	11.35%	1.67%	1.67%
Total	HK\$820.10	18,063,700	60.20%	8.85%	46.25%

Notes:

- (1) Exclusive of brokerage fee of 1.0%, SFC transaction levy of 0.0027%, Stock Exchange trading fee of 0.00565% and AFRC transaction levy of 0.00015%.
- (2) The actual investment amount of each Cornerstone Investor in Hong Kong dollars may vary due to actual exchange rates and bank commission fees provided in relevant Cornerstone Investment Agreements, and the number of the Offer Shares to be acquired presented in this table is calculated based on exchange rates of US\$1.00 to HK\$7.8103, and US\$1.00 to RMB 7.1148 for illustration purpose only .
- (3) According to GAIG's Cornerstone Investment Agreement, the number of Offer Shares to be subscribed by GAIG shall be equal to the Hong Kong dollar equivalent of RMB350,000,000 (including the brokerage, SFC transaction levy, AFRC transaction levy and the Stock Exchange trading fee) divided by the Offer Price, rounded down to the nearest whole board lot of 100 Shares, provided that in any event the number of the Offer Shares subscribed by GAIG shall not exceed 35.20% of the total number of Offer Shares to be issued in connection with the Global Offering.
- (4) Subject to rounding down to the nearest whole board lot of 100 Shares.

CORNERSTONE INVESTORS

CLOSING CONDITIONS

The obligation of each of the Cornerstone Investors to acquire the Offer Shares under the respective Cornerstone Investment Agreement is subject to, among other things, the following closing conditions:

- (i) the Hong Kong Underwriting Agreement and the International Underwriting Agreement being entered into and having become effective and unconditional (in accordance with their respective original terms or as subsequently waived or varied by agreement of the parties thereto) by no later than the time and date as specified in the Hong Kong Underwriting Agreement and the International Underwriting Agreement, and neither the Hong Kong Underwriting Agreement nor the International Underwriting Agreement having been terminated;
- (ii) the Offer Price having been agreed upon between the Company and the Overall Coordinators (on behalf of the underwriters of the Global Offering);
- (iii) the Listing Committee having granted the listing of, and permission to deal in, the Shares (including the Shares under the Cornerstone Investment) as well as other applicable waivers and approvals and such approval, permission or waiver having not been revoked prior to the commencement of dealings in the Shares on the Stock Exchange;
- (iv) no laws shall have been enacted or promulgated by any government authority which prohibits the consummation of the transactions contemplated in Hong Kong Public Offering, the International Offering or the Cornerstone Investment Agreement, and there shall be no orders or injunctions from a court of competent jurisdiction in effect precluding or prohibiting consummation of such transactions; and
- (v) the respective representations, warranties, acknowledgements, undertakings and confirmations of the Cornerstone Investor under the Cornerstone Investment Agreement are accurate and true in all or material respects and not misleading in all or material respects and that there is no material breach of the Cornerstone Investment Agreement on the part of the Cornerstone Investor.

RESTRICTIONS ON THE CORNERSTONE INVESTOR

Each of the Cornerstone Investors has agreed that it will not, whether directly or indirectly, at any time during the period of twelve months from the Listing Date (the “**Lock-up Period**”), dispose of any of the Offer Shares they have purchased pursuant to the relevant Cornerstone Investment Agreements, save for certain limited circumstances, such as transfers to any of its wholly-owned subsidiaries who will be bound by the same obligations of such Cornerstone Investor, including the Lock-up Period restriction.

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HONG KONG UNDERWRITERS

(in no particular order)

China International Capital Corporation Hong Kong Securities Limited
Huatai Financial Holdings (Hong Kong) Limited
ABCI Securities Company Limited
TradeGo Markets Limited
Livermore Holdings Limited

UNDERWRITING

This Prospectus is published solely in connection with the Hong Kong Public Offering. The Hong Kong Public Offering is fully underwritten by the Hong Kong Underwriters on a conditional basis. The International Offering is expected to be fully underwritten by the International Underwriters subject to the terms and conditions of the International Underwriting Agreement. If, for any reason, the Offer Price is not agreed between the Overall Coordinators (for themselves and on behalf of the Underwriters) and our Company, the Global Offering will not proceed and will lapse.

The Global Offering comprises the Hong Kong Public Offering of initially 3,000,500 Hong Kong Offer Shares and the International Offering of initially 27,004,300 International Offer Shares, subject, in each case, to reallocation on the basis as described in the section headed “Structure of the Global Offering” in this Prospectus in the case of the International Offering.

UNDERWRITING ARRANGEMENTS AND EXPENSES

Hong Kong Public Offering

Hong Kong Underwriting Agreement

Pursuant to the Hong Kong Underwriting Agreement, we are offering the Hong Kong Offer Shares (subject to reallocation) for subscription by the public in Hong Kong in accordance with the terms and conditions of this Prospectus and the Hong Kong Underwriting Agreement at the Offer Price.

Subject to (a) the Stock Exchange granting approval for the listing of, and permission to deal in, the Shares in issue and to be issued as mentioned in this Prospectus on the Main Board of the Stock Exchange and such approval not having been withdrawn and (b) certain other conditions set forth in the Hong Kong Underwriting Agreement (including the Overall Coordinators (for themselves and on behalf of the Hong Kong Underwriters) and our Company agreeing upon the Offer Price) being satisfied (or, as the case may be, waived), the Hong Kong Underwriters have agreed severally but not jointly to procure subscribers for, or themselves to

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subscribe for, their respective applicable portions of the Hong Kong Offer Shares in aggregate, now being offered which are not taken up under the Hong Kong Public Offering on the terms and conditions of this Prospectus and the Hong Kong Underwriting Agreement.

The Hong Kong Underwriting Agreement is conditional on and subject to, among other things, the International Underwriting Agreement having been executed and becoming unconditional and not having been terminated in accordance with its terms.

Grounds for Termination

The Overall Coordinators (for themselves and on behalf of the Hong Kong Underwriters) and the Joint Sponsors shall be entitled by notice (orally or in writing) to our Company to terminate the Hong Kong Underwriting Agreement with immediate effect if at any time prior to 8:00 a.m. on the Listing Date:

- (1) there develops, occurs, exists or comes into effect:
 - (a) any event or circumstance in the nature of force majeure (including, without limitation, any acts of government, declaration of a regional, national or international emergency or war, calamity, crisis, epidemic, pandemic, outbreak or escalations of infectious disease, economic sanctions, strikes, labor disputes, other industrial actions, lock-outs, fire, explosion, flooding, earthquake, tsunami, volcanic eruption, civil commotion, riots, severe transport disruption, paralysis in government operation, public disorder, political instability, acts of war, outbreak or escalation of hostilities (whether or not war is declared), acts of God or acts of terrorism) in or affecting Hong Kong, PRC, the Cayman Islands, the British Virgin Islands, the United States or any other jurisdictions relevant to any member of our Group or the Global Offering (collectively, the “**Relevant Jurisdictions**”); or
 - (b) any change, or any development involving a prospective change (whether or not permanent), or any event or circumstance likely to result in any change or development involving a prospective change in local, national, regional or international financial, economic, political, military, industrial, legal, fiscal, regulatory, currency, credit or market conditions, equity securities or exchange control or any monetary or trading settlement system or other financial markets (including, without limitation, conditions in the stock and bond markets, money and foreign exchange markets, the interbank markets and credit markets) in or affecting any of the Relevant Jurisdictions or elsewhere; or
 - (c) any moratorium, suspension or restriction (including, without limitation, any imposition of or requirement for any minimum or maximum price limit or price range) in or on trading in securities generally on the Stock Exchange, the New York Stock Exchange, the NASDAQ Global Market, the London Stock Exchange, the Tokyo Stock Exchange, the Singapore Stock Exchange, the Shanghai Stock Exchange or the Shenzhen Stock Exchange; or

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- (d) any general moratorium on commercial banking activities in the Cayman Islands, Singapore, Hong Kong (imposed by the Financial Secretary or the Hong Kong Monetary Authority or other competent authority), New York (imposed at Federal or New York State level or other competent authority), London, the PRC, the European Union (or any member thereof) or any other Relevant Jurisdictions, or any disruption in commercial banking or foreign exchange trading or securities settlement or clearance services, procedures or matters in any of those places or jurisdictions; or
- (e) any new laws, or any change or any development involving a prospective change in existing laws or any event or circumstance likely to result in a change or a development involving a prospective change in, or in the interpretation or application by any court or other competent Authorities of, existing laws, in each case, in or affecting any of the Relevant Jurisdictions; or
- (f) the imposition of sanctions, or the withdrawal of trading privileges, in whatever form, directly or indirectly, under any sanction laws, or regulations in, Hong Kong, the PRC or any of the Relevant Jurisdictions; or
- (g) a change or development involving a prospective change in or affecting taxation or exchange control, currency exchange rates or foreign investment regulations (including, without limitation, a material devaluation of the United States dollar, Hong Kong dollar or Renminbi against any foreign or a change in the system under which the value of the Hong Kong dollar is linked to that of the United States dollar, or Renminbi is linked to any foreign currency), or the implementation of any exchange control, in any of the Relevant Jurisdictions; or
- (h) any Proceedings of any third party being threatened or instigated against any Director or member of our Group; or
- (i) any change or development or event involving a prospective change, or a materialization of, any of the risks set out in the section headed “Risk Factors” in this Prospectus; or
- (j) non-compliance of this Prospectus, the CSRC filings, or any other documents used in connection with the contemplated offer of our Shares, or any aspect of the Global Offering with the Listing Rules, the CSRC rules or any other applicable laws; or
- (k) the issue or requirement to issue by our Company of any supplement or amendment to this Prospectus (or to any other documents used in connection with the contemplated offer and sale of our Shares) pursuant to the Companies Ordinance, the Companies (Winding Up and Miscellaneous Provisions) Ordinance or the Listing Rules or any requirement or request of the Stock Exchange and/or the SFC; or

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- (l) a Director or member of senior management of our Company being charged with an indictable offence or prohibited by operation of law or otherwise disqualified from taking part in the management of a company; or
- (m) a contravention by our Company, any member of our Group or any Director of the Listing Rules or applicable laws; or
- (n) a valid demand by any creditor for repayment or payment of any indebtedness of any member of our Group or in respect of which any member of our Group is liable prior to its stated maturity; or
- (o) an order or petition for the winding up of any member of our Group or any composition or arrangement made by any member of our Group with its creditors or a scheme of arrangement entered into by any member of our Group or any resolution for the winding-up of any member of our Group or the appointment of a provisional liquidator, receiver or manager over all or part of the material assets or undertaking of any member of our Group or anything analogous thereto occurring in respect of any member of our Group; or
- (p) a Director or the chairman or the chief executive officer or the chief financial officer or the chief operating officer of our Company vacating his/her office or being removed from his/her office; or
- (q) an authority or a political body or organization in any of the Relevant Jurisdictions commencing any investigation or other action, or announcing an intention to investigate or take other action, against any member of our Group, any Director or any director or supervisor (where applicable) of any subsidiary.

which, individually or in the aggregate, in the sole and absolute opinion of the Overall Coordinators and the Joint Sponsors:

- (i) has or will have or is likely to have a material adverse change, or a material adverse effect, or any development involving a prospective material adverse change or material adverse effect, in or affecting the assets, liabilities, business, management, prospects, shareholders' equity, profits, losses, results of operations, position or condition, financial or otherwise, or performance of our Company and the other members of our Group, taken as a whole; or
- (ii) has or will have or is likely to have a material adverse effect on the success of the Global Offering or the level of applications under the Hong Kong Public Offering or the level of interest under the International Offering; or

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- (iii) makes or will make or will likely make it inadvisable or inexpedient or impracticable for the Global Offering to proceed or to market the Global Offering or the delivery or distribution of the Offer Shares on the terms and in the manner contemplated by the Offering Documents; or
 - (iv) has or will have or may have the effect of making any part of the Hong Kong Underwriting Agreement (including underwriting) incapable of performance in accordance with its terms or preventing or delaying the processing of applications and/or payments pursuant to the Global Offering or pursuant to the underwriting thereof; or
- (2) there has come to the notice of the Overall Coordinators and the Joint Sponsors:
- (a) a prohibition by any competent authority on our Company for whatever reason from offering, allotting, issuing or delivering any of the Offer Shares pursuant to the terms of the Global Offering; or
 - (b) that any statement contained in any of this Prospectus and/or in any notices or announcements, advertisements, communications or other documents issued or used by or on behalf of our Company in connection with the Hong Kong Public Offering (including any supplement or amendment thereto) (save and except for any Underwriters' information therein) was, when it was issued, or has become, untrue, incorrect, inaccurate or misleading in any material respect, or that any forecast, estimate, expression of opinion, intention or expectation contained in any of this Prospectus and/or any notices, announcements, advertisements, communications or other documents issued or used by or on behalf of our Company in connection with the Hong Kong Public Offering (including any supplement or amendment thereto) is not fair and honest and based on reasonable assumptions, when taken as a whole; or
 - (c) that any matter has arisen or has been discovered which would, had it arisen or been discovered immediately before the date of this Prospectus, constitute a material misstatement or a material omission from any of this Prospectus and/or any notices, announcements, advertisements, communications or other documents issued or used by or on behalf of our Company in connection with the Hong Kong Public Offering (including any supplement or amendment thereto); or
 - (d) any material breach of any of the obligations imposed upon any party to the Hong Kong Underwriting Agreement or the International Underwriting Agreement (other than upon any of the Joint Sponsors, the Overall Coordinators, the Joint Global Coordinators, the Capital Market Intermediaries, the Joint Bookrunners, the Joint Lead Managers, the Hong Kong Underwriters or the International Underwriters); or

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- (e) any event, act or omission which gives or is likely to give rise to any liability of the Indemnifying Party (as defined in the Hong Kong Underwriting Agreement); or
- (f) any event which has a material adverse change, or a material adverse effect, or any development involving a prospective material adverse change or material adverse effect, in or affecting the assets, liabilities, business, management, prospects, shareholders' equity, profits, losses, results of operations, position or condition, financial or otherwise, or performance of our Company and the other members of our Group, taken as a whole; or
- (g) any breach of, or any event or circumstance rendering untrue or incorrect or misleading in any respect, any of the representations, warranties, agreements and undertakings given by our Company in the Hong Kong Underwriting Agreement; or
- (h) approval by the Listing Committee of the Stock Exchange of the listing of, and permission to deal in, our Shares in issue or to be issued pursuant to the Global Offering is refused or not granted, other than subject to customary conditions, on or before the Listing Date, or if granted, the approval is subsequently withdrawn, qualified (other than by customary conditions) or withheld; or
- (i) our Company withdraws this Prospectus (and/or any other documents issued or used in connection with the Global Offering) or the Global Offering; or
- (j) any of the experts named in this Prospectus (other than the Joint Sponsors) whose consent is required to the inclusion of its reports, letters and/or opinions (as the case may be) and being named in any of the offering documents or to the issue of any of the offering documents has withdrawn its consent prior to the issue of this Prospectus; or
- (k) a material portion of the orders in the book-building process or the investment commitments by any cornerstone investors after signing of the Cornerstone Investment Agreements, have been withdrawn, terminated or cancelled.

UNDERWRITING

Undertakings to the Stock Exchange Pursuant to the Listing Rules

Undertakings by our Company

Pursuant to Rule 10.08 of the Listing Rules, we have undertaken to the Stock Exchange that, no further Shares or securities convertible into equity securities of our Company (whether or not of a class already listed) may be issued or sold or transferred out of treasury by us or form the subject of any agreement to such issue, or sale or transfer out of treasury within six months from the Listing Date (whether or not such issue of Shares or securities, or sale or transfer of treasury shares will be completed within six months from the Listing Date), except (a) pursuant to the Global Offering or (b) under any of the circumstances provided under Rule 10.08 of the Listing Rules.

Undertakings by our Controlling Shareholders

In accordance with Rule 10.07(1) of the Listing Rules, each of our Controlling Shareholders, has undertaken to the Stock Exchange and to our Company that, except pursuant to the Global Offering, it shall not and shall procure that the registered holder(s) of the Shares controlled by it (if applicable) shall not:

- (1) in the period commencing on the date by reference to which disclosure of its shareholding is made in the Prospectus and ending on the date which is six (6) months from the Listing Date (the “**End Date**”), dispose of, nor enter into any agreement to dispose of or, otherwise create any options, rights, interests or encumbrances (save as pursuant to a pledge or charge as security in favour of an authorised institution (as defined in the Banking Ordinance, Chapter 155 of the Laws of Hong Kong) for a bona fide commercial loan) in respect of, any of those securities of our Company in respect of which it is shown by the Prospectus to be the beneficial owners (the “**Relevant Securities**”); and
- (2) in the period of 6 months commencing on the End Date, dispose of, nor enter into any agreement to dispose of, or otherwise create any options, rights, interests or encumbrances (save as pursuant to a pledge or charge as security in favour of an authorised institution (as defined in the Banking Ordinance, Chapter 155 of the Laws of Hong Kong) for a bona fide commercial loan) in respect of the Relevant Securities if, immediately following such disposal or upon the exercise or enforcement of such options, rights, interests or encumbrances, that it would cease to be a Controlling Shareholder of our Company.

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In accordance with Note 3 to Rule 10.07(2) of the Listing Rules, each of our Controlling Shareholders has further undertaken to the Stock Exchange and our Company that within the period commencing on the date by reference to which disclosure of its shareholding is made in the Prospectus and ending on the date which is 12 months from the Listing Date:

- (i) when it pledges or charges any Shares or securities of our Company beneficially owned by it in favor of an authorized institution (as defined in the Banking Ordinance, Chapter 155 of the Laws of Hong Kong), pursuant to Note 2 to Rule 10.07(2) of the Listing Rules, immediately inform our Company in writing of such pledge or charge together with the number of securities so pledged or charged; and
- (ii) when it receives indications, either verbal or written, from the pledgee or chargee that any of the pledged or charged Shares or securities of our Company will be disposed of, will immediately inform our Company in writing of such indications.

We will inform the Stock Exchange as soon as we have been informed of the matters referred to in paragraphs (i) and (ii) above by any of our Controlling Shareholders and make a public disclosure in relation to such information by way of an announcement in accordance with the Listing Rules.

Undertakings Pursuant to the Hong Kong Underwriting Agreement

Our Company has undertaken to each of the Joint Sponsors, the Overall Coordinators, the Joint Global Coordinators, the Capital Market Intermediaries, the Joint Bookrunners, the Joint Lead Managers and the Hong Kong Underwriters that, except for the offer, allotment and issue of the Offer Shares pursuant to the Global Offering, at any time during the period commencing on the date of the Hong Kong Underwriting Agreement and ending on, and including, the date that is six months from the Listing Date (the “**First Six-Month Period**”), our Company will not, without the prior written consent of the Joint Sponsors and the Overall Coordinators (for themselves and on behalf of the Hong Kong Underwriters) (where such consent shall not be unreasonably withheld) and unless in compliance with the requirements of the Listing Rules and only after the consent of any relevant Authority (if so required) has been obtained:

- (1) allot, issue, sell, accept subscription for, offer to allot, issue or sell, contract or agree to allot, issue or sell, mortgage, charge, pledge, hypothecate, hedge, lend, grant or sell any option, warrant, contract or right to subscribe for or purchase, grant or purchase any option, warrant, contract or right to allot, issue or sell, or otherwise transfer or dispose of or create an encumbrance over, or contract or agree to transfer or dispose of or create an encumbrance over, either directly or indirectly, conditionally or unconditionally, any Shares or other equity securities of our Company, as applicable, or any interest in any of the foregoing (including, without limitation, any securities convertible into or exchangeable or exercisable for or that represent the right to receive, or any warrants or other rights to subscribe or

UNDERWRITING

purchase, any Shares or other equity securities of our Company, as applicable, or any interest in any of the foregoing), or deposit any Shares or other equity securities of our Company, as applicable, with a depository in connection with the issue of depository receipts; or

- (2) enter into any swap or other arrangement that transfers to another, in whole or in part, any of the economic consequences of ownership (legal or beneficial) of any Shares or other equity securities of our Company, as applicable, or any interest in any of the foregoing (including, without limitation, any securities convertible into or exchangeable or exercisable for or that represent the right to receive, or any warrants or other rights to purchase, any Shares or other equity securities of our Company, as applicable, or any interest in any of the foregoing); or
- (3) enter into any transaction with the same economic effect as any transaction specified in sub-paragraph (1) or (2) above; or
- (4) offer to or agree to or announce any intention to effect any transaction specified in sub-paragraph (1), (2) or (3) above,

in each case, whether any of the transactions specified in sub-paragraph (1), (2) or (3) above is to be settled by delivery of Shares or other equity securities of our Company, as applicable, in cash or otherwise (whether or not the issue of such Shares or other equity securities of our Company will be completed within the First Six-Month Period). For the avoidance of doubt, our Company's consent to a Shareholder's request to mortgage, charge, pledge, hypothecate, hedge and create an encumbrance over any Shares or other equity securities, as applicable, shall not be regarded as a breach of these undertakings. In the event that, at any time during the period of six months immediately following the expiry of the First Six-Month Period (the "**Second Six-Month Period**"), our Company enters into any of the transactions specified in sub-paragraph (1), (2) or (3) above or offers to or agrees to or announces any intention to effect any such transaction, our Company shall take all reasonable steps to ensure that any such transaction, offer, agreement or announcement will not create a disorderly or false market in the securities of our Company.

Undertakings by the Existing Shareholders

Each of our existing Shareholders (other than our Controlling Shareholders which have provided undertakings as disclosed in "– Undertakings to the Stock Exchange Pursuant to the Listing Rules – Undertakings by our Controlling Shareholders" above) has entered into a deed of lock-up undertaking (the "**Lock-up Undertakings**") pursuant to which he/it would not, and would procure that no company or legal entity controlled by the Shareholder or any nominee or trustee holding in trust for the Shareholder would, at any time commencing on the date of their respective Lock-up Undertakings and ending on, and including, the date that is six months from the Listing Date (the "**Lock-up Period**"),

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- (a) offer, pledge, charge, sell, mortgage, lend, create, transfer, assign, hypothecate, hedge, make any short sale of, loan or otherwise dispose of any legal or beneficial interest (including by the creation of or any agreement to create or selling or granting or agreeing to sell or grant any option or contract to purchase, subscribe for, sell, lend or otherwise transfer or dispose of or any warrant or right to purchase, subscribe for, sell, lend or otherwise transfer or dispose of, or purchasing or agreeing to purchase any option, contract, warrant or right to sell), either directly or indirectly, conditionally or unconditionally, or create any third party right of whatever nature over any legal or beneficial interest in the Relevant Shares (as defined below) or any other securities convertible into or exercisable or exchangeable for such Relevant Shares, or that represent the right to receive, such Relevant Shares or any interest in them, or contracting to do so, whether directly or indirectly and whether conditionally or unconditionally;
- (b) enter into any option, swap or other arrangement that transfers to another, in whole or in part, any beneficial ownership of the Relevant Shares or any of the economic consequences or incidents of ownership of Relevant Shares or any other securities of the Company or any interest therein or which transfers or derives any significant part of its value from such Relevant Shares;
- (c) enter into any other transaction, directly or indirectly, with the same economic effect as any transactions described in paragraph (a) or (b) above; or
- (d) agree or contract to, or publicly announcing an intention to, enter into any transactions described in paragraph (a), (b) or (c) above,

in each case, whether any of the transactions specified in paragraph (a), (b) or (c) above is to be settled by delivery of Relevant Shares or such other securities convertible into or exercisable or exchangeable for Relevant Shares, in cash or otherwise (whether or not the issue of Relevant Shares or such other securities will be completed within the Lock-up Period), except as otherwise consented to by the Company, the Joint Sponsors and the Overall Coordinators (for themselves and on behalf of the Underwriters) or for customary carve-outs, such as transferring the Relevant Shares to their respective affiliates so long as the transferees are also bound by the lock-up restrictions.

In these Lock-up Undertakings, “Relevant Shares” mean any and all Shares, as re-classified and re-designated from the Shares as held by the Shareholder on the date of their respective Lock-up Undertakings in the manner as set out in this Prospectus as if the re-classification and re-designation have been completed on the date thereof.

Indemnity

Our Company has agreed to indemnify, among the others, the Joint Sponsors, Overall Coordinators, the Joint Global Coordinators, the Joint Bookrunners, the Joint Lead Managers, the Capital Market Intermediaries and the Hong Kong Underwriters for certain losses which they may suffer, including, amongst others, losses arising from their performance of their obligations under the Hong Kong Underwriting Agreement and any breach by our Company of the Hong Kong Underwriting Agreement.

UNDERWRITING

Hong Kong Underwriters' Interests in our Company

Except for its obligations under the Hong Kong Underwriting Agreement, the Hong Kong Underwriters do not have any shareholding interest in our Company or any right or option (whether legally enforceable or not) to subscribe for or nominate persons to subscribe for securities in our Company or any member of our Group.

Following the completion of the Global Offering, the Hong Kong Underwriters and their affiliated companies may hold a certain portion of the Shares as a result of fulfilling their obligations under the Hong Kong Underwriting Agreement.

International Offering

International Underwriting Agreement

In connection with the International Offering, it is expected that we will enter into the International Underwriting Agreement with the Overall Coordinators and the International Underwriters on or around the Price Determination Date. Under the International Underwriting Agreement, subject to the conditions set forth therein, the International Underwriters would agree to purchase, or procure subscribers to purchase, the Offer Shares being offered pursuant to the International Offering (subject to, amongst others, any reallocation between the International Offering and the Hong Kong Public Offering). It is expected that the International Underwriting Agreement may be terminated on similar grounds as the Hong Kong Underwriting Agreement. Potential investors are reminded that in the event that the International Underwriting Agreement is not entered into, the Global Offering will not proceed.

Commissions and Expenses

An aggregate of the fees of up to 2.5% of gross proceeds to be raised from the subscription tranche and the placing tranche of the Global Offering is payable by the Company to all syndicate members participating in the Global Offering, among which the syndicate members (i) will receive a fixed underwriting commission which is equal to 1.275% of the aggregate gross proceeds to be raised from the Global Offering (the “**Fixed Fees**”), out of which they will pay any sub-underwriting commissions and other fees, and (ii) may receive a discretionary incentive fee of up to 1.225% of the aggregate gross proceeds to be raised from the Global Offering (the “**Discretionary Fees**”).

The ratio of the Fixed Fees and Discretionary Fees payable by the Company to all syndicate members is expected to be approximately 51:49 (assuming the Discretionary Fees will be paid in full).

For any unsubscribed Hong Kong Offer Shares reallocated to the International Offering, the Fixed Fees will not be paid to the Hong Kong Underwriters but will instead be paid, at the rate applicable to the International Offering, to the relevant International Underwriters.

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The Fixed Fees and Discretionary Fees together with the Stock Exchange listing fees, the SFC transaction levy, the AFRC transaction levy and the Stock Exchange trading fee, legal and other professional fees and printing and all other expenses relating to the Global Offering are estimated to be up to approximately HK\$84.6 million (assuming an indicative offer price of HK\$39.70 per Offer Share (which is the mid-point of the indicative Offer Price range as stated in this Prospectus)) and will be paid by the Company.

INDEPENDENCE OF THE JOINT SPONSORS

Each of the Joint Sponsors satisfies the independence criteria applicable to sponsors set out in Rule 3A.07 of the Listing Rules.

ACTIVITIES BY SYNDICATE MEMBERS

The underwriters of the Hong Kong Public Offering and the International Offering (together, the “**Syndicate Members**”) and their affiliates may each individually undertake a variety of activities (as further described below) which do not form part of the underwriting or stabilizing process.

The Syndicate Members and their affiliates are diversified financial institutions with relationships in countries around the world. These entities engage in a wide range of commercial and investment banking, brokerage, funds management, trading, hedging, investing and other activities for their own account and for the account of others. In the ordinary course of their various business activities, the Syndicate Members and their respective affiliates may purchase, sell or hold a broad array of investments and actively trade securities, derivatives, loans, commodities, currencies, credit default swaps and other financial instruments for their own account and for the accounts of their customers. Such investment and trading activities may involve or relate to assets, securities and/or instruments of our Company and/or persons and entities with relationships with our Company and may also include swaps and other financial instruments entered into for hedging purposes in connection with the Group’s loans and other debt.

In relation to the Shares, those activities could include acting as agent for buyers and sellers of the Shares, entering into transactions with those buyers and sellers in a principal capacity, proprietary trading in the Shares, and entering into over the counter or listed derivative transactions or listed and unlisted securities transactions (including issuing securities such as derivative warrants listed on a stock exchange) which have as their underlying assets, assets including the Shares. Those activities may require hedging activity by those entities involving, directly or indirectly, the buying and selling of the Shares. All such activity could occur in Hong Kong and elsewhere in the world and may result in the Syndicate Members and their affiliates holding long and/or short positions in the Shares, in baskets of securities or indices including the Shares, in units of funds that may purchase the Shares, or in derivatives related to any of the foregoing.

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In relation to issues by Syndicate Members or their affiliates of any listed securities having the Shares as their underlying securities, whether on the Stock Exchange or on any other stock exchange, the rules of the exchange may require the issuer of those securities (or one of its affiliates or agents) to act as a market maker or liquidity provider in the security, and this will also result in hedging activity in the Shares in most cases.

Such activities may affect the market price or value of the Shares, the liquidity or trading volume in the Shares and the volatility of the price of the Shares, and the extent to which this occurs from day to day cannot be estimated.

It should be noted that when engaging in any of these activities, the Syndicate Members will be subject to certain restrictions, including the following:

- (a) the Syndicate Members must not, in connection with the distribution of the Offer Shares, effect any transactions (including issuing or entering into any option or other derivative transactions relating to the Offer Shares), whether in the open market or otherwise, with a view to stabilizing or maintaining the market price of any of the Offer Shares at levels other than those which might otherwise prevail in the open market; and
- (b) the Syndicate Members must comply with all applicable laws and regulations, including the market misconduct provisions of the SFO, including the provisions prohibiting insider dealing, false trading, price rigging and stock market manipulation.

Certain of the Syndicate Members or their respective affiliates have provided from time to time, and expect to provide in the future, investment banking and other services to our Company and its affiliates for which such Syndicate Members or their respective affiliates have received or will receive customary fees and commissions.

In addition, the Syndicate Members or their respective affiliates may provide financing to investors to finance their subscriptions of Offer Shares in the Global Offering.

No stabilizing manager will be appointed, and it is anticipated that no stabilization activities will be carried out in relation to the Global Offering.

STRUCTURE OF THE GLOBAL OFFERING

THE GLOBAL OFFERING

This Prospectus is published in connection with the Hong Kong Public Offering as part of the Global Offering. The Global Offering comprises (subject to reallocation):

- (a) the Hong Kong Public Offering of 3,000,500 Shares (subject to reallocation as mentioned below) for subscription by the public in Hong Kong as described in “— The Hong Kong Public Offering” below; and
- (b) the International Offering of 27,004,300 Shares (subject to reallocation as mentioned below) outside the United States (including to professional and institutional investors within Hong Kong) in offshore transactions in reliance on Regulation S as described in “— The International Offering” below.

Investors may apply for the Hong Kong Offer Shares under the Hong Kong Public Offering or indicate an interest, if qualified to do so, for the International Offer Shares under the International Offering, but may not do both.

The Offer Shares will represent approximately 14.70% of the enlarged issued share capital of our Company immediately after completion of the Global Offering.

The Hong Kong Public Offering is open to members of the public in Hong Kong as well as to institutional and professional investors in Hong Kong. The International Offering will involve selective marketing of the International Offer Shares to institutional and professional investors and other investors expected to have a sizeable demand for the International Offer Shares in Hong Kong and other jurisdictions outside the United States in reliance on Regulation S. The International Underwriters are soliciting from prospective investors' indications of interest in acquiring the International Offer Shares under the International Offering. Prospective investors will be required to specify the number of International Offer Shares under the International Offering they would be prepared to acquire either at different prices or at a particular price.

References in this Prospectus to applications, application monies or the procedure for application relate solely to the Hong Kong Public Offering.

The number of Offer Shares to be offered under the Hong Kong Public Offering and the International Offering, respectively, may be subject to reallocation as described in “— The Hong Kong Public Offering – Reallocation” below.

STRUCTURE OF THE GLOBAL OFFERING

THE HONG KONG PUBLIC OFFERING

Number of Hong Kong Offer Shares Initially Offered

We are initially offering 3,000,500 Shares for subscription by the public in Hong Kong at the Offer Price, representing approximately 10.0% of the total number of the Offer Shares initially available under the Global Offering. Subject to the reallocation of the Offer Shares between the International Offering and the Hong Kong Public Offering, the Hong Kong Offer Shares will represent approximately 1.5% of the enlarged issued share capital of our Company immediately following the completion of the Global Offering.

The Hong Kong Public Offering is open to members of the public in Hong Kong as well as to institutional and professional investors. Professional investors generally include brokers, dealers, and companies (including fund managers) whose ordinary business involves dealing in shares and other securities, and corporate entities which regularly invest in shares and other securities.

Completion of the Hong Kong Public Offering is subject to the conditions as set forth in “— Conditions of the Global Offering” below.

Allocation

Allocation of the Offer Shares to investors under the Hong Kong Public Offering will be based solely on the level of valid applications received under the Hong Kong Public Offering. The basis of allocation may vary, depending on the number of Hong Kong Offer Shares validly applied for by applicants. Such allocation could, where appropriate, consist of balloting, which would mean that some applicants may receive a higher allocation than the others who have applied for the same number of the Hong Kong Offer Shares, and those applicants who are not successful in the ballot may not receive any Hong Kong Offer Shares.

For allocation purposes only, the total number of the Offer Shares initially available under the Hong Kong Public Offering (after taking into account any allocation) is to be divided into two pools (with any odd board lots being allocated to pool A): Pool A and Pool B. Accordingly, the maximum number of Hong Kong Offer Shares initially in Pool A and Pool B will be 1,500,300 and 1,500,200, respectively. The Hong Kong Offer Shares in Pool A will be allocated on an equitable basis to applicants who have applied for Hong Kong Offer Shares with an aggregate subscription price of HK\$5 million (excluding the brokerage, SFC transaction levy, AFRC transaction levy and the Stock Exchange trading fee payable) or less. The Offer Shares in Pool B will be allocated on an equitable basis to applicants who have applied for Offer Shares with an aggregate subscription price of more than HK\$5 million (excluding the brokerage, SFC transaction levy, AFRC transaction levy and the Stock Exchange trading fee payable) and up to the total value in Pool B.

STRUCTURE OF THE GLOBAL OFFERING

Investors should be aware that applications in Pool A and applications in Pool B may receive different allocation ratios. If the Hong Kong Offer Shares in one (but not both) of the pools are under-subscribed, the surplus Hong Kong Offer Shares will be transferred to the other pool to satisfy demand in that other pool and be allocated accordingly. For the purpose of this paragraph only, the “price” for the Offer Shares means the price payable on application therein (without regard to the Offer Price as finally determined). Applicants can only receive an allocation of the Hong Kong Offer Shares from either Pool A or Pool B but not from both pools.

Multiple or suspected multiple applications and any application for more than 1,500,200 Hong Kong Offer Shares (being approximately 50% of the 3,000,500 Hong Kong Offer Shares initially available under the Hong Kong Public Offering) are liable to be rejected.

Reallocation

The allocation of the Offer Shares between the Hong Kong Public Offering and the International Offering is subject to reallocation at the discretion of the Overall Coordinators. Paragraph 4.2 of Practice Note 18 of the Listing Rules requires a clawback mechanism to be put in place which would have the effect of increasing the number of the Offer Shares under the Hong Kong Public Offering to a certain percentage of the total number of the Offer Shares offered under the Global Offering if the International Offer Shares are fully subscribed or oversubscribed and certain prescribed total demand levels under the Hong Kong Public Offering are reached as further described below:

- if the number of Offer Shares validly applied for under the Hong Kong Public Offering represents 15 times or more but less than 50 times the number of Offer Shares initially available for subscription under the Hong Kong Public Offering, then Offer Shares will be reallocated to the Hong Kong Public Offering from the International Offering so that the total number of Offer Shares available under the Hong Kong Public Offering will be 9,001,500 Shares, representing approximately 30% of the Offer Shares initially available under the Global Offering;
- if the number of Offer Shares validly applied for under the Hong Kong Public Offering represents 50 times or more but less than 100 times the number of Offer Shares initially available for subscription under the Hong Kong Public Offering, then the number of Offer Shares to be reallocated to the Hong Kong Public Offering from the International Offering will be increased so that the total number of Offer Shares available under the Hong Kong Public Offering will be 12,002,000 Shares, representing approximately 40% of the Offer Shares initially available under the Global Offering; and
- if the number of Offer Shares validly applied for under the Hong Kong Public Offering represents 100 times or more the number of Offer Shares initially available for subscription under the Hong Kong Public Offering, then the number of Offer Shares to be reallocated to the Hong Kong Public Offering from the International Offering will be increased so that the total number of Offer Shares available under the Hong Kong Public Offering will be 15,002,400 Shares, representing 50% of the Offer Shares initially available under the Global Offering.

STRUCTURE OF THE GLOBAL OFFERING

In each case, the additional Offer Shares reallocated to the Hong Kong Public Offering will be allocated between Pool A and Pool B and the number of Offer Shares allocated to the International Offering will be correspondingly reduced in such manner as the Overall Coordinators in their sole discretion consider appropriate.

In addition, the Offer Shares to be offered in the Hong Kong Public Offering and the International Offering may, in certain circumstances, be reallocated as between these offerings at the discretion of the Overall Coordinators. In accordance with guidance set out in the Chapter 4.14 of the Guide for New Listing Applicants issued by the Stock Exchange, if such reallocation is done other than pursuant to Practice Note 18 of the Listing Rules:

- if the International Offering is fully subscribed or oversubscribed, and the Hong Kong Public Offering is fully subscribed or oversubscribed with the number of Offer Shares validly applied for under the Hong Kong Public Offering represents less than 15 times the number of the Offer Shares initially available for subscription under the Hong Kong Public Offering; or
- if the International Offering is undersubscribed, and the Hong Kong Public Offering is fully subscribed or oversubscribed (irrespective of the extent of over-subscription),

the maximum total number of Shares that may be reallocated to the Hong Kong Public Offering shall be not more than 6,000,900 Shares, representing approximately 20% of the number of Offer Shares initially available under the Global Offering; and the final Offer Price shall be fixed at HK\$34.00 per Offer Share, the low-end of the indicative Offer Price range stated in this Prospectus.

In each case, the additional Offer Shares reallocated to the Hong Kong Public Offering will be allocated between Pool A and Pool B and the number of Offer Shares allocated to the International Offering will be correspondingly reduced in such manner as the Overall Coordinators in their sole discretion consider appropriate.

If the Hong Kong Public Offering is not fully subscribed, the Overall Coordinators may reallocate all or any unsubscribed Hong Kong Offer Shares to the International Offering, in such proportions as the Overall Coordinators deem appropriate. However, if neither the Hong Kong Public Offering nor the International Offering is fully subscribed, the Global Offering will not proceed unless the Underwriters would subscribe or procure subscribers for respective applicable proportions of the Offer Shares being offered which are not taken up under the Global Offering on the terms and conditions of this Prospectus and the Underwriting Agreements.

STRUCTURE OF THE GLOBAL OFFERING

Applications

Each applicant under the Hong Kong Public Offering will also be required to give an undertaking and confirmation in the application submitted by him/her that he/she and any person(s) for whose benefit he/she is making the application have not applied for or taken up, or indicated an interest for, and will not apply for or take up, or indicate an interest for, any Offer Shares under the International Offering, and such applicant's application is liable to be rejected if the said undertaking and/or confirmation is breached and/or untrue (as the case may be) or it has been or will be placed or allocated Offer Shares under the International Offering.

Applicants under the Hong Kong Public Offering may be required to pay, on application (subject to application channels), the maximum Offer Price of HK\$45.40 per Offer Share in addition to the brokerage, SFC transaction levy, AFRC transaction levy and the Hong Kong Stock Exchange trading fee payable on each Offer Share. Further details are set out below in the section headed "How to Apply for Hong Kong Offer Shares" in this Prospectus.

THE INTERNATIONAL OFFERING

Number of International Offer Shares Initially Offered

The International Offering will consist of an initial offering of 27,004,300 Offer Shares, representing approximately 90.0% of the total number of Offer Shares initially available under the Global Offering (subject to reallocation). The number of the Offer Shares initially offered under the International Offering, subject to any reallocation of Offer Shares between the International Offering and the Hong Kong Public Offering, will represent approximately 13.2% of the total number of Shares in issue immediately following the completion of the Global Offering.

Allocation

The International Offering will include selective marketing of the Offer Shares to institutional and professional investors and other investors anticipated to have a sizeable demand for such Offer Shares. Professional investors generally include brokers, dealers, companies (including fund managers) whose ordinary business involves dealing in shares and other securities and corporate entities which regularly invest in shares and other securities. Allocation of the Offer Shares pursuant to the International Offering will be effected in accordance with the "book-building" process described in "— Pricing and Allocation" and based on a number of factors, including the level and timing of demand, the total size of the relevant investor's invested assets or equity assets in the relevant sector and whether or not it is expected that the relevant investor is likely to buy further Offer Shares, and/or hold or sell its Offer Shares, after the listing of the Offer Shares on the Hong Kong Stock Exchange. Such allocation is intended to result in a distribution of the International Offer Shares on a basis which would lead to the establishment of a solid professional and institutional shareholder base to the benefit of our Company and our Shareholders as a whole.

STRUCTURE OF THE GLOBAL OFFERING

The Overall Coordinators (for themselves and on behalf of the International Underwriters) may require any investor who has been offered Offer Shares under the International Offering, and who has made an application under the Hong Kong Public Offering, to provide sufficient information to the Overall Coordinators so as to allow them to identify the relevant applications under the Hong Kong Public Offering and to ensure that they are excluded from any application of the Offer Shares under the Hong Kong Public Offering.

Reallocation

The total number of the Offer Shares to be issued or sold pursuant to the International Offering may change as a result of the reallocation arrangement described in “— The Hong Kong Public Offering – Reallocation,” and/or any reallocation of unsubscribed Offer Shares originally included in the Hong Kong Public Offering to the International Offering.

PRICING AND ALLOCATION

The International Underwriters will be soliciting from prospective investors indications of interest in acquiring the Offer Shares in the International Offering. Prospective professional and institutional investors will be required to specify the number of Offer Shares under the International Offering they would be prepared to acquire either at different prices or at a particular price. This process, known as “book-building,” is expected to continue up to, and to cease on or about, the last day for lodging applications under the Hong Kong Public Offering.

Pricing for the Offer Shares for the purpose of the various offerings under the Global Offering will be fixed on the Price Determination Date, which is expected to be on or about Monday, July 8, 2024, by agreement among the Overall Coordinators (for themselves and on behalf of the Underwriters) and our Company. The number of Offer Shares to be allocated under the various offerings will be determined shortly thereafter.

The Offer Price will not be more than HK\$45.40 per Offer Share and is expected to be not less than HK\$34.00 per Offer Share unless otherwise announced, as further explained below, not later than the morning of the last day for lodging applications under the Hong Kong Public Offering. Applicants under the Hong Kong Public Offering may be required to pay, on application (subject to application channels), the maximum Offer Price of HK\$45.40 per Offer Share plus brokerage of 1.0%, SFC transaction levy of 0.0027%, the AFRC transaction levy of 0.00015%, and Stock Exchange trading fee of 0.00565%, amounting to a total of HK\$4,585.79 for one board lot of 100 Shares. **Prospective investors should be aware that the Offer Price to be determined on the Price Determination Date may be, but is not expected to be, lower than the indicative Offer Price range stated in this Prospectus.**

STRUCTURE OF THE GLOBAL OFFERING

The Overall Coordinators (for themselves and on behalf of the Hong Kong Underwriters) may, where considered appropriate, based on the level of interest expressed by prospective professional and institutional investors during the book-building process, and with our consent, reduce the number of Offer Shares and/or the indicative Offer Price range below as stated in this Prospectus at any time on or prior to the morning of the last day for lodging applications under the Hong Kong Public Offering. In such a case, our Company will, as soon as practicable following the decision to make such reduction, and in any event not later than the morning of the last day for lodging applications under the Hong Kong Public Offering, publish on the website of our Company (<https://www.ruqimobility.com>) and the website of the Stock Exchange (www.hkexnews.hk) an announcement to cancel the Global Offering. Our Company will then relaunch the offer at the revised number of Offer Shares and/or the revised Offer Price with a supplemental or new prospectus as required under Rule 11.13 of the Listing Rules, and complete the requisite settlement processes on the FINI platform afresh. The Global Offering must first be canceled and subsequently relaunched on the FINI platform pursuant to the supplemental or new prospectus. In the absence of any such announcement or supplemental or new prospectus, the number of Offer Shares will not be reduced and/or the Offer Price, if agreed upon between our Company and the Overall Coordinators, will under no circumstances be set outside the Offer Price range stated in this Prospectus.

In the event of a reduction in the number of Offer Shares, the Overall Coordinators may, at their discretion, reallocate the number of Offer Shares to be offered in the Hong Kong Public Offering and the International Offering in accordance with Chapter 4.14 of the Guide for New Listing Applicants issued by the Stock Exchange and paragraph 4.2 of Practice Note 18 of the Listing Rules, provided that the number of Offer Shares comprised in the Hong Kong Public Offering shall not be less than 10% of the total number of Offer Shares available under the Global Offering. The Offer Shares to be offered in the Hong Kong Public Offering and the Offer Shares to be offered in the International Offering may, in certain circumstances, be reallocated between these offerings at the discretion of the Overall Coordinators.

The final Offer Price, the level of indications of interest in the International Offering, the level of applications in the Hong Kong Public Offering and the basis of allocations of Offer Shares under the Hong Kong Public Offering are expected to be announced on Tuesday, July 9, 2024 on the website of our Company (<https://www.ruqimobility.com>) and the website of the Hong Kong Stock Exchange (www.hkexnews.hk).

UNDERWRITING

The Hong Kong Public Offering is fully underwritten by the Hong Kong Underwriters under the terms of the Hong Kong Underwriting Agreement and is subject to agreement on the Offer Price between our Company and the Overall Coordinators (for themselves and on behalf of the Underwriters) on the Price Determination Date.

We expect that our Company will enter into the International Underwriting Agreement relating to the International Offering on the Price Determination Date.

STRUCTURE OF THE GLOBAL OFFERING

The underwriting arrangements under the Hong Kong Underwriting Agreement and the International Underwriting Agreement are summarized in the section headed “Underwriting” in this Prospectus.

CONDITIONS OF THE GLOBAL OFFERING

Acceptances of all applications for Offer Shares will be conditional on:

- (a) the Hong Kong Stock Exchange granting approval for the listing of, and permission to deal in, the Shares in issue and to be issued pursuant to the Global Offering on the Main Board of the Hong Kong Stock Exchange and such approval not subsequently having been withdrawn or revoked prior to the Listing Date;
- (b) the execution and delivery of the International Underwriting Agreement on or about the Price Determination Date; and
- (c) the obligations of the Underwriters under each of the respective Underwriting Agreements becoming and remaining unconditional and not having been terminated in accordance with the terms of the respective Underwriting Agreements,

in each case on or before the dates and times specified in the respective Underwriting Agreements (unless and to the extent such conditions are validly waived on or before such dates and times).

If, for any reason, the Offer Price is not agreed between the Overall Coordinators (for themselves and on behalf of the Underwriters) and us by 12:00 noon on Monday, July 8, 2024, the Global Offering will not proceed and will lapse.

The consummation of each of the Hong Kong Public Offering and the International Offering is conditional upon, amongst other things, the other becoming unconditional and not having been terminated in accordance with its terms.

If the above conditions are not fulfilled or waived prior to the times and dates specified, the Global Offering will lapse and the Hong Kong Stock Exchange will be notified immediately. We will as soon as possible publish or cause to be published a notice of the lapse of the Hong Kong Public Offering on the website of our Company (<https://www.ruqimobility.com>) and the website of the Hong Kong Stock Exchange (www.hkexnews.hk). In such eventuality, all application monies will be returned, without interest, on the terms set forth in the section headed “How to Apply for Hong Kong Offer Shares – A. Applications for the Hong Kong Offer Shares – 10. Dispatch/Collection of Share Certificates and Refund of Application Monies” in this Prospectus.

Share certificates issued in respect of the Hong Kong Offer Shares will only become valid evidence of title at 8:00 a.m. on the Listing Date provided that the Global Offering has become unconditional in all respects (including the Underwriting Agreements not having been terminated in accordance with their terms) at any time prior to 8:00 a.m. on the Listing Date.

STRUCTURE OF THE GLOBAL OFFERING

SHARES WILL BE ELIGIBLE FOR ADMISSION INTO CCASS

Subject to the granting of the listing of, and permission to deal in, the Shares on the Hong Kong Stock Exchange and compliance with the stock admission requirements of HKSCC, the Shares will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the Listing Date or on any other date as determined by HKSCC. Settlement of transactions between participants of the Hong Kong Stock Exchange is required to take place in CCASS on the second settlement day after any trading day. All activities under CCASS are subject to the General Rules of HKSCC and HKSCC Operational Procedures in effect from time to time.

All necessary arrangements have been made to enable the Shares to be admitted into CCASS. Investors should seek the advice of their stockbroker or other professional advisor for details of those settlement arrangements and how such arrangements will affect their rights and interests.

DEALING ARRANGEMENTS

Assuming that the Hong Kong Public Offering becomes unconditional at or before 8:00 a.m. in Hong Kong on Wednesday, July 10, 2024, it is expected that dealings in the Shares on the Hong Kong Stock Exchange will commence at 9:00 a.m. on Wednesday, July 10, 2024.

The Shares will be traded on the Main Board of the Hong Kong Stock Exchange in board lots of 100 Shares each. The stock code of the Shares will be 9680.

HOW TO APPLY FOR HONG KONG OFFER SHARES

IMPORTANT NOTICE TO INVESTORS:

FULLY ELECTRONIC APPLICATION PROCESS

We have adopted a fully electronic application process for the Hong Kong Public Offering and below are the procedures for application.

This Prospectus is available at the website of the Hong Kong Stock Exchange at www.hkexnews.hk under the “HKEXnews > New Listings > New Listing Information” section, and our website at <https://www.ruqimobility.com>.

The contents of the electronic version of the Prospectus are identical to the printed Prospectus as registered with the Registrar of Companies in Hong Kong pursuant to Section 342C of the Companies (Winding Up and Miscellaneous Provisions) Ordinance.

A. APPLICATIONS FOR THE HONG KONG OFFER SHARES

1. Who can Apply

Eligibility for the Application

You can apply for Hong Kong Offer Shares if you or the person(s) for whose benefit you are applying:

- are 18 years of age or older;
- have a Hong Kong address (*for the HK eIPO White Form service only*); and
- are outside the United States, and are not a United States Person (as defined in Regulation S under the U.S. Securities Act).

Unless permitted by the Listing Rules or a waiver and/or consent has been granted by the Stock Exchange to our Company, you cannot apply for any Hong Kong Offer Shares if you or the person(s) for whose benefit you are applying for:

- are an existing shareholder of our Company;
- are a director or chief executive officer of our Company and/or any of our subsidiaries;
- are a close associate (as defined in the Listing Rules) of any of the above persons;

HOW TO APPLY FOR HONG KONG OFFER SHARES

- are a connected person (as defined in the Listing Rules) of our Company or will become a connected person of our Company immediately upon completion of the Global Offering; or
- have been allocated or have applied for any International Offer Shares or otherwise participate in the International Offering.

2. Application Channels

The Hong Kong Public Offering period will begin at 9:00 a.m. on Friday, June 28, 2024 and end at 12:00 noon on Friday, July 5, 2024 (Hong Kong time).

To apply for the Hong Kong Offer Shares, you may use one of the following application channels:

Application Channel	Platform	Target Investors	Application Time
HK eIPO White Form service	IPO App (which can be downloaded by searching “ IPO App ” in App Store or Google Play or downloaded at www.hkeipo.hk/IPOApp or www.tricorglobal.com/IPOApp) or www.hkeipo.hk	Applicants who would like to receive a physical Share certificate. Hong Kong Offer Shares successfully applied for will be allotted and issued in your own name.	From 9:00 a.m. on Friday, June 28, 2024 to 11:30 a.m. on Friday, July 5, 2024, Hong Kong time. The latest time for completing full payment of application monies will be 12:00 noon on Friday, July 5, 2024, Hong Kong time.
HKSCC EIPO channel	Your broker or custodian who is a HKSCC Participant will submit an EIPO application on your behalf through HKSCC’s FINI system in accordance with your instruction.	Applicants who would <u>not</u> like to receive a physical Share certificate Hong Kong Offer Shares successfully applied for will be allotted and issued in the name of HKSCC Nominees, deposited directly into CCASS and credited to your designated HKSCC Participant’s stock account.	Contact your broker or custodian for the earliest and latest time for giving such instructions, as this may vary by broker or custodian.

HOW TO APPLY FOR HONG KONG OFFER SHARES

The **HK eIPO White Form** service and the **HKSCC EIPO** channel are facilities subject to capacity limitations and potential service interruptions and you are advised not to wait until the last day of the application period to apply for the Hong Kong Offer Shares.

For those applying through the **HK eIPO White Form** service, once you complete payment in respect of any application instructions given by you or for your benefit through the **HK eIPO White Form** service to make an application for the Hong Kong Offer Shares, an actual application shall be deemed to have been made. If you are a person for whose benefit the **electronic application instructions** are given, you shall be deemed to have declared that only one set of **electronic application instructions** has been given for your benefit. If you are an agent for another person, you shall be deemed to have declared that you have only given one set of **electronic application instructions** for the benefit of the person for whom you are an agent and that you are duly authorized to give those instructions as an agent.

For the avoidance of doubt, giving an application instruction under the **HK eIPO White Form** service more than once and obtaining different application reference numbers without effecting full payment in respect of a particular reference number will not constitute an actual application.

If you apply through the **HK eIPO White Form** service, you are deemed to have authorized the **HK eIPO White Form** Service Provider to apply on the terms and conditions in this Prospectus, as supplemented and amended by the terms and conditions of the **HK eIPO White Form** service.

By instructing your broker or custodian to apply for the Hong Kong Offer Shares on your behalf through the **HKSCC EIPO** channel, you (and, if you are joint applicants, each of you jointly and severally) are deemed to have instructed and authorized HKSCC to cause HKSCC Nominees (acting as nominee for the relevant HKSCC Participants) to apply for Hong Kong Offer Shares on your behalf and to do on your behalf all the things stated in this Prospectus and any supplement to it.

For those applying through **HKSCC EIPO** channel, an actual application will be deemed to have been made for any application instructions given by you or for your benefit to HKSCC (in which case an application will be made by HKSCC Nominees on your behalf) provided such application instruction has not been withdrawn or otherwise invalidated before the closing time of the Hong Kong Public Offering.

HKSCC Nominees will only be acting as a nominee for you and neither HKSCC nor HKSCC Nominees shall be liable to you or any other person in respect of any actions taken by HKSCC or HKSCC Nominees on your behalf to apply for Hong Kong Offer Shares or for any breach of the terms and conditions of this Prospectus.

HOW TO APPLY FOR HONG KONG OFFER SHARES

3. Information Required to Apply

You must provide the following information with your application:

For Individual/Joint Applicants

- Full name(s)⁽²⁾ as shown on your identity document
- Identity document's issuing country or jurisdiction
- Identity document type, with order of priority:
 - i. HKID card; or
 - ii. National identification document; or
 - iii. Passport; and
- Identity document number

For Corporate Applicants

- Full name(s)⁽²⁾ as shown on your identity document
- Identity document's issuing country or jurisdiction
- Identity document type, with order of priority:
 - i. LEI registration document; or
 - ii. Certificate of incorporation; or
 - iii. Business registration certificate; or
 - iv. Other equivalent document; and
- Identity document number

Notes:

1. If you are applying through the **HK eIPO White Form** service, you are required to provide a valid e-mail address, a contact telephone number and a Hong Kong address. You are also required to declare that the identity information provided by you follows the requirements as described in Note 2 below. In particular, where you cannot provide a HKID number, you must confirm that you do not hold a HKID card. The number of joint applicants may not exceed four. If you are a firm, the applicant must be in the individual members' names.
2. The applicant's full name as shown on their identity document must be used. If an applicant's identity document contains both an English and Chinese name, both English and Chinese names must be used. Otherwise, either English or Chinese names will be accepted. The order of priority of the applicant's identity document type must be strictly followed and where an individual applicant has a valid HKID card, the HKID number must be used when making an application to subscribe for shares in a public offer. Similarly for corporate applicants, a LEI number must be used if an entity has a LEI certificate.
3. If the applicant is a trustee, the client identification data ("CID") of the trustee, as set out above, will be required. If the applicant is an investment fund (i.e. a collective investment scheme, or CIS), the CID of the asset management company or the individual fund, as appropriate, which has opened a trading account with the broker will be required, as above.
4. The maximum number of joint applicants on FINI is capped at four in accordance with market practice.
5. If you are applying as a nominee, you must provide: (i) the full name (as shown on the identity document), the identity document's issuing country or jurisdiction, the identity document type; and (ii), the identity document number, for each of the beneficial owners or, in the case(s) of joint beneficial owners, for each joint beneficial owner. If you do not include this information, the application will be treated as being made for your benefit.
6. If you are applying as an unlisted company and (i) the principal business of that company is dealing in securities; and (ii) you exercise statutory control over that company, then the application will be treated as being for your benefit and you should provide the required information in your application as stated above.

"Unlisted company" means a company with no equity securities listed on the Stock Exchange or any other stock exchange.

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“Statutory control” means you:

- control the composition of the board of directors of the company;
- control more than half of the voting power of the company; or
- hold more than half of the issued share capital of the company (not counting any part of it which carries no right to participate beyond a specified amount in a distribution of either profits or capital).

For those applying through **HKSCC EIPO** channel, and making an application under a power of attorney, we and the Overall Coordinators, as our agent, have discretion to consider whether to accept it on any conditions we think fit, including evidence of the attorney’s authority.

Failing to provide any required information may result in your application being rejected.

4. Permitted Number of Hong Kong Offer Shares for Application

Board lot size : 100

Permitted number of Hong Kong Offer Shares for application and amount payable on application/successful allotment : Hong Kong Offer Shares are available for application in specified board lot sizes only. Please refer to the amount payable associated with each specified board lot size in the table below.

The maximum Offer Price is HK\$45.40 per Offer Share.

If you are applying through the **HKSCC EIPO** channel, you are required to prefund your application based on the amount specified by your **broker** or **custodian**, as determined based on the applicable laws and regulations in Hong Kong.

By instructing your **broker** or **custodian** to apply for the Hong Kong Offer Shares on your behalf through the **HKSCC EIPO** channel, you (and, if you are joint applicants, each of you jointly and severally) are deemed to have instructed and authorized HKSCC to cause HKSCC Nominees (acting as nominee for the relevant HKSCC Participants) to arrange payment of the final Offer Price, brokerage, SFC transaction levy, the Stock Exchange trading fee and the AFRC transaction levy by debiting the relevant nominee bank account at the Designated Bank for your **broker** or **custodian**.

HOW TO APPLY FOR HONG KONG OFFER SHARES

If you are applying through the **HK eIPO White Form** service, you may refer to the table below for the amount payable for the number of Shares you have selected. You must pay the respective maximum amount payable on application in full upon application for Hong Kong Offer Shares.

No. of Hong Kong Offer Shares applied for	Maximum Amount payable ⁽²⁾ on application/successful allotment HK\$	No. of Hong Kong Offer Shares applied for	Maximum Amount payable ⁽²⁾ on application/successful allotment HK\$	No. of Hong Kong Offer Shares applied for	Maximum Amount payable ⁽²⁾ on application/successful allotment HK\$	No. of Hong Kong Offer Shares applied for	Maximum Amount payable ⁽²⁾ on application/successful allotment HK\$
100	4,585.79	2,000	91,715.72	10,000	458,578.59	300,000	13,757,357.70
200	9,171.57	2,500	114,644.64	20,000	917,157.18	400,000	18,343,143.60
300	13,757.36	3,000	137,573.58	30,000	1,375,735.76	500,000	22,928,929.50
400	18,343.15	3,500	160,502.51	40,000	1,834,314.35	600,000	27,514,715.40
500	22,928.92	4,000	183,431.43	50,000	2,292,892.96	700,000	32,100,501.30
600	27,514.72	4,500	206,360.37	60,000	2,751,471.55	800,000	36,686,287.20
700	32,100.51	5,000	229,289.30	70,000	3,210,050.14	900,000	41,272,073.10
800	36,686.28	6,000	275,147.15	80,000	3,668,628.72	1,000,000	45,857,859.00
900	41,272.07	7,000	321,005.02	90,000	4,127,207.31	1,500,200 ⁽¹⁾	68,795,960.07
1,000	45,857.87	8,000	366,862.87	100,000	4,585,785.90		
1,500	68,786.79	9,000	412,720.73	200,000	9,171,571.80		

- (1) Maximum number of Hong Kong Offer Shares you may apply for and this is approximately 50% of the Hong Kong Offer Shares initially offered.
- (2) The amount payable is inclusive of brokerage, SFC transaction levy, the Stock Exchange trading fee and AFRC transaction levy. If your application is successful, brokerage will be paid to the Exchange Participants (as defined in the Listing Rules) or to the **HK eIPO White Form** Service Provider (for applications made through the application channel of the **HK eIPO White Form** Service Provider) while the SFC transaction levy, the Stock Exchange trading fee and the AFRC transaction levy will be paid to the SFC, the Stock Exchange and the AFRC, respectively.

5. Multiple Applications Prohibited

You or your joint applicant(s) shall not make more than one application for your own benefit, except where you are a nominee and provide the information of the underlying investor in your application as required under the paragraph headed “— A. Applications for the Hong Kong Offer Shares – 3. Information Required to Apply” in this section. If you are suspected of submitting or cause to submit more than one application, all of your applications will be rejected.

HOW TO APPLY FOR HONG KONG OFFER SHARES

Multiple applications made either through (i) the **HK eIPO White Form** service, (ii) **HKSCC EIPO** channel, or (iii) both channels concurrently are prohibited and will be rejected. If you have made an application through the **HK eIPO White Form** service or **HKSCC EIPO** channel, you or the person(s) for whose benefit you have made the application shall not apply for any Offer Shares.

The Hong Kong Share Registrar would record all applications into its system and identify suspected multiple applications with identical names and identification document numbers according to the Best Practice Note on Treatment of Multiple/Suspected Multiple Applications (“**Best Practice Note**”) issued by the Federation of Share Registrars Limited.

Since applications are subject to personal information collection statements, identification document numbers displayed are redacted.

6. Terms and Conditions of an Application

By applying for the Hong Kong Offer Shares through the **HK eIPO White Form** service or **HKSCC EIPO** channel, you (or as the case may be, HKSCC Nominees will do the following things on your behalf):

- (i) undertake to execute all relevant documents and instruct and authorise us and/or the Overall Coordinators, as our agents, to execute any documents for you and to do on your behalf all things necessary to register any Hong Kong Offer Shares allocated to you in your name or in the name of HKSCC Nominees as required by the Articles of Association, and (if you are applying through the **HKSCC EIPO** channel) to deposit the allotted Hong Kong Offer Shares directly into CCASS for the credit of your designated HKSCC Participant’s stock account on your behalf;
- (ii) confirm that you have read and understand the terms and conditions and application procedures set out in this Prospectus, the **IPO App** and the designated website of the **HK eIPO White Form** service (or as the case may be, the agreement you entered into with your broker or custodian), and agree to be bound by them;
- (iii) (if you are applying through the HKSCC EIPO channel) agree to the arrangements, undertakings and warranties under the participant agreement between your broker or custodian and HKSCC and observe the General Rules of HKSCC and the HKSCC Operational Procedures for giving application instructions to apply for Hong Kong Offer Shares;
- (iv) confirm that you are aware of the restrictions on offers and sales of shares set out in this Prospectus and they do not apply to you, or the person(s) for whose benefit you have made the application;

HOW TO APPLY FOR HONG KONG OFFER SHARES

- (v) confirm that you have read this Prospectus and any supplement to it and have relied only on the information and representations contained therein in making your application (or as the case may be, causing your application to be made) and will not rely on any other information or representations;
- (vi) agree that the Company, the Joint Sponsors, the Overall Coordinators, the Joint Global Coordinators, the Joint Bookrunners, the Joint Lead Managers, the Capital Market Intermediaries, the Underwriters, any of their respective directors, officers, employees, partners, agents, advisers and any other parties involved in the Global Offering (the “**Relevant Persons**”), the Hong Kong Share Registrar and HKSCC will not be liable for any information and representations not in this Prospectus and any supplement to it;
- (vii) agree to disclose the details of your application and your personal data and any other personal data which may be required about you and the person(s) for whose benefit you have made the application to us, the Relevant Persons, the Hong Kong Share Registrar, HKSCC, HKSCC Nominees, the Stock Exchange, the SFC and any other statutory regulatory or governmental bodies or otherwise as required by laws, rules or regulations, for the purposes under the paragraphs headed “— 12. Personal Data — Purposes” and “— Transfer of personal data” in this section;
- (viii) agree (without prejudice to any other rights which you may have once your application (or as the case may be, HKSCC Nominees’ application) has been accepted) that you will not rescind it because of an innocent misrepresentation;
- (ix) agree that subject to Section 44A(6) of the Companies (Winding Up and Miscellaneous Provisions) Ordinance, any application made by you or HKSCC Nominees on your behalf cannot be revoked once it is accepted, which will be evidenced by the notification of the result of the ballot by the Hong Kong Share Registrar by way of publication of the results at the time and in the manner as specified in the paragraph headed “— 7. Publication of Results” in this section;
- (x) confirm that you are aware of the situations specified in the paragraph headed “— 9. Circumstances in which you will not be allotted Hong Kong Offer Shares” in this section;
- (xi) agree that your application or HKSCC Nominees’ application, any acceptance of it and the resulting contract will be governed by and construed in accordance with the laws of Hong Kong;
- (xii) agree to comply with the Companies Ordinance, the Companies (Winding Up and Miscellaneous Provisions) Ordinance, the Articles of Association and laws of any place outside Hong Kong that apply to your application and that neither we nor the

HOW TO APPLY FOR HONG KONG OFFER SHARES

Relevant Persons will breach any law inside and/or outside Hong Kong as a result of the acceptance of your offer to purchase, or any action arising from your rights and obligations under the terms and conditions contained in this Prospectus;

- (xiii) confirm that (a) your application or HKSCC Nominees' application on your behalf is not financed directly or indirectly by our Company, any of the directors, chief executives, substantial Shareholder(s) or existing shareholder(s) of our Company or any of its subsidiaries or any of their respective close associates; and (b) you are not accustomed or will not be accustomed to taking instructions from our Company, any of the directors, chief executives, substantial shareholder(s) or existing shareholder(s) of our Company or any of its subsidiaries or any of their respective close associates in relation to the acquisition, disposal, voting or other disposition of the Shares registered in your name or otherwise held by you;
- (xiv) warrant that the information you have provided is true and accurate;
- (xv) confirm that you understand that we and the Overall Coordinators will rely on your declarations and representations in deciding whether or not to allocate any Hong Kong Offer Shares to you and that you may be prosecuted for making a false declaration;
- (xvi) agree to accept Hong Kong Offer Shares applied for or any lesser number allocated to you under the application;
- (xvii) declare and represent that this is the only application made and the only application intended by you to be made to benefit you or the person for whose benefit you are applying;
- (xviii) (if the application is made for your own benefit) warrant that no other application has been or will be made for your benefit by giving **electronic application instructions** to HKSCC directly or indirectly or through the application channel of the Hong Kong Share Registrar or by any one as your agent or by any other person; and
- (xix) (if you are making the application as an agent for the benefit of another person) warrant that (1) no other application has been or will be made by you as agent for or for the benefit of that person or by that person or by any other person as agent for that person by giving electronic application instructions to HKSCC and (2) you have due authority to give electronic application instructions on behalf of that other person as its agent.

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7. Publication of Results

Results of Allocation

You can check whether you are successfully allocated any Hong Kong Offer Shares through:

Platform	Date/Time
Applying through the HK eIPO White Form service or HKSCC EIPO channel :	
Website	24 hours, from 11:00 p.m. on Tuesday, July 9, 2024 to 12:00 midnight on Monday, July 15, 2024 (Hong Kong time)
From the “IPO Results” function in the IPO App or the designated results of allocations website at www.hkeipo.hk/IPOResult or www.tricor.com.hk/ipo/result with a “search by ID” function.	
The full list of (i) wholly or partially successful applicants using the HK eIPO White Form service and HKSCC EIPO channel, and (ii) the number of Hong Kong Offer Shares conditionally allotted to them, among other things, will be displayed at www.hkeipo.hk/IPOResult or www.tricor.com.hk/ipo/result .	
The Stock Exchange’s website at www.hkexnews.hk and our website at https://www.ruqimobility.com which will provide links to the abovementioned websites of the Hong Kong Share Registrar.	No later than 11:00 p.m. on Tuesday, July 9, 2024 (Hong Kong time).

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Platform		Date/Time
Telephone	+852 3691 8488 – the allocation results telephone enquiry line provided by the Hong Kong Share Registrar.	between 9:00 a.m. and 6:00 p.m., from Wednesday, July 10, 2024 to Monday, July 15, 2024 (Hong Kong time) on a business day (excluding Saturday, Sunday and Hong Kong public holidays).

For those applying through **HKSCC EIPO** channel, you may also check with your broker or custodian from 6:00 p.m. on Monday, July 8, 2024 (Hong Kong time).

HKSCC Participants can log into FINI and review the allotment result from 6:00 p.m. on Monday, July 8, 2024 (Hong Kong time) on a 24-hour basis and should report any discrepancies on allotments to HKSCC as soon as practicable.

Allocation Announcement

We expect to announce the results of the final Offer Price, the level of indications of interest in the Global Offering, the level of applications in the Hong Kong Public Offering and the basis of allocations of Hong Kong Offer Shares on the Stock Exchange's website at www.hkexnews.hk and our website at <https://www.ruqimobility.com> by no later than 11:00 p.m. on Tuesday, July 9, 2024 (Hong Kong time).

8. Severe Weather Arrangements

The application lists will not open or close on Friday, July 5, 2024 if there is:

- a tropical cyclone warning signal number 8 or above;
- a “black” rainstorm warning; and/or
- Extreme Conditions,

(collectively, “**Severe Weather Signals**”),

in force in Hong Kong at any time between 9:00 a.m. and 12:00 noon on Friday, July 5, 2024. Instead they will open between 11:45 a.m. and 12:00 noon on the next business day which does not have Severe Weather Signals in force at any time between 9:00 a.m. and 12:00 noon.

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Prospective investors should be aware that a postponement of the opening/closing of the application lists may result in a delay in the listing date. Should there be any changes to the dates mentioned in the section headed “Expected Timetable” in this Prospectus, an announcement will be made and published on the Stock Exchange’s website at www.hkexnews.hk and our website at <https://www.ruqimobility.com> of the revised timetable.

If a Severe Weather Signal is hoisted on Tuesday, July 9, 2024, the Hong Kong Share Registrar will make appropriate arrangements for the delivery of the Share certificates to the CCASS Depository’s service counter so that they would be available for trading on Wednesday, July 10, 2024.

If a Severe Weather Signal is hoisted on Tuesday, July 9, 2024, for application of less than 1,000,000 Hong Kong Offer Shares, the dispatch of physical Share certificate(s) will be made by ordinary post when the post office re-opens after the Severe Weather Signal is lowered or cancelled (e.g. in the afternoon of Tuesday, July 9, 2024 or on Wednesday, July 10, 2024).

If a Severe Weather Signal is hoisted on Wednesday, July 10, 2024, for application of 1,000,000 Hong Kong Offer Shares or more, physical Share certificate(s) will be available for collection in person at the Hong Kong Share Registrar’s office after the Severe Weather Signal is lowered or cancelled (e.g. in the afternoon of Wednesday, July 10, 2024 or on Thursday, July 11, 2024).

Prospective investors should be aware that if they choose to receive physical Share certificates issued in their own name, there may be a delay in receiving the Share certificates.

9. Circumstances in which you will not be allotted Hong Kong Offer Shares

You should note the following situations in which the Hong Kong Offer Shares will not be allotted to you or the person(s) for whose benefit you are applying for:

(i) If your application is revoked:

Your application or the application made by HKSCC Nominees on your behalf may be revoked pursuant to Section 44A(6) of the Companies (Winding Up and Miscellaneous Provisions) Ordinance.

(ii) If the Company or our agents exercise their discretion to reject your application:

The Company, the Overall Coordinators, the Hong Kong Share Registrar and their respective agents and nominees have full discretion to reject or accept any application, or to accept only part of any application, without giving any reasons.

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(iii) If the allotment of Hong Kong Offer Shares is void:

The allotment of Hong Kong Offer Shares will be void if the Hong Kong Stock Exchange does not grant permission to list the Shares either:

- within three weeks from the closing date of the application lists; or
- within a longer period of up to six weeks if the Stock Exchange notifies the Company of that longer period within three weeks of the closing date of the application lists.

(iv) If:

- you make multiple applications or suspected multiple applications. You may refer to the paragraph headed “— 5. Multiple Applications Prohibited” in this section on what constitutes multiple applications;
- your application instruction is incomplete;
- your payment (or confirmation of funds, as the case may be) is not made correctly;
- the Underwriting Agreements do not become unconditional or are terminated;
- we or the Overall Coordinators believe that by accepting your application, we or they would violate applicable securities or other laws, rules or regulations.

(v) If there is money settlement failure for allotted Shares:

Based on the arrangements between HKSCC Participants and HKSCC, HKSCC Participants will be required to hold sufficient application funds on deposit with their Designated Bank before balloting. After balloting of Hong Kong Offer Shares, the Receiving Bank will collect the portion of these funds required to settle each HKSCC Participant’s actual Hong Kong Offer Share allotment from their Designated Bank.

There is a risk of money settlement failure. In the extreme event of money settlement failure by a HKSCC Participant (or its Designated Bank), who is acting on your behalf in settling payment for your allotted shares, HKSCC will contact the defaulting HKSCC Participant and its Designated Bank to determine the cause of failure and request such defaulting HKSCC Participant to rectify or procure to rectify the failure.

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However, if it is determined that such settlement obligation cannot be met, the affected Hong Kong Offer Shares will be reallocated to the Global Offering. Hong Kong Offer Shares applied for by you through the broker or custodian may be affected to the extent of the settlement failure. In the extreme case, you will not be allocated any Hong Kong Offer Shares due to the money settlement failure by such HKSCC Participant. None of us, the Relevant Persons, the Hong Kong Share Registrar and HKSCC is or will be liable if Hong Kong Offer Shares are not allocated to you due to the money settlement failure.

10. Dispatch/Collection of Share Certificates and Refund of Application Monies

You will receive one Share certificate for all Hong Kong Offer Shares allotted to you under the Hong Kong Public Offering (except pursuant to applications made through the **HKSCC EIPO** channel where the Share certificates will be deposited into CCASS as described below).

No temporary document of title will be issued in respect of the Shares. No receipt will be issued for sums paid on application.

The right is reserved to retain any Share certificate(s) and any surplus application monies pending clearance of check(s) or banker's cashier's order(s).

Share certificates will only become valid evidence of title at 8:00 a.m. on Wednesday, July 10, 2024 provided that the Global Offering has become unconditional and the right of termination described in the section headed "Underwriting" has not been exercised. Investors who trade Shares prior to the receipt of Share certificates or the Share certificates becoming valid do so at their own risk.

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The following sets out the relevant procedures and time:

	HK eIPO White Form service	HKSCC EIPO channel
Dispatch/collection of Share certificate⁽¹⁾		
For application of 1,000,000 Hong Kong Offer Shares or more	Collection in person at the Hong Kong Share Registrar, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong.	Share certificate(s) will be issued in the name of HKSCC Nominees, deposited into CCASS and credited to your designated HKSCC Participant's stock account.
	Time: 9:00 a.m. to 1:00 p.m. on Wednesday, July 10, 2024 (Hong Kong time)	No action by you is required.
	If you are an individual, you must not authorise any other person to collect for you. If you are a corporate applicant, your authorised representative must bear a letter of authorization from your corporation stamped with your corporation's chop.	
	Both individuals and authorised representatives must produce, at the time of collection, evidence of identity acceptable to the Hong Kong Share Registrar.	
	Note: If you do not collect your Share certificate(s) personally within the time above, it/they will be sent to the address specified in your application instructions by ordinary post at your own risk.	

HOW TO APPLY FOR HONG KONG OFFER SHARES

	HK eIPO White Form service	HKSCC EIPO channel
For application of less than 1,000,000 Hong Kong Offer Shares	Your Share certificate(s) will be sent to the address specified in your application instructions by ordinary post at your own risk.	
	Date: Tuesday, July 9, 2024	
Refund mechanism for surplus application monies paid by you		
Date	Wednesday, July 10, 2024	Subject to the arrangement between you and your broker or custodian.
Responsible party	Hong Kong Share Registrar.	Your broker or custodian.
Application monies paid through single bank account	HK eIPO White Form e-Auto Refund payment instructions to your designated bank account.	Your broker or custodian will arrange refund to your designated bank account subject to the arrangement between you and it.
Application monies paid through multiple bank accounts	Refund check(s) will be dispatched to the address as specified in your application instructions by ordinary post at your own risk.	

Note:

- (1) Except in the event of Severe Weather Signals in force in Hong Kong in the morning on Tuesday, July 9, 2024 rendering it impossible for the relevant Share certificates to be dispatched to HKSCC in a timely manner, the Company shall procure the Hong Kong Share Registrar to arrange for delivery of the supporting documents and Share certificates in accordance with the contingency arrangements as agreed between them. You may refer to “— 8. Severe Weather Arrangements” in this section.

11. Admission of the Shares into CCASS

If the Hong Kong Stock Exchange grants the listing of, and permission to deal in, the Shares and we comply with the stock admission requirements of HKSCC, the Shares will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the date of commencement of dealings in the Shares or any other date HKSCC chooses. Settlement of transactions between Exchange Participants (as defined in the Listing Rules) is required to take place in CCASS on the second settlement day after any trading day.

HOW TO APPLY FOR HONG KONG OFFER SHARES

All activities under CCASS are subject to the General Rules of HKSCC and HKSCC Operational Procedures in effect from time to time.

All necessary arrangements have been made enabling the Shares to be admitted into CCASS.

Investors should seek the advice of their stockbroker or other professional adviser for details of the settlement arrangement as such arrangements may affect their rights and interests.

12. Personal Data

The following Personal Information Collection Statement applies to any personal data held by our Company, the Hong Kong Share Registrar, the receiving banks, the Overall Coordinators, the Joint Global Coordinators, the Capital Market Intermediaries, the Joint Bookrunners, the Joint Lead Managers, the Underwriters and any of their respective advisors and agents about you in the same way as it applies to personal data about applicants other than HKSCC Nominees. This personal data may include client identifier(s) and your identification information. By giving application instructions to HKSCC, you acknowledge that you have read, understood and agree to all of the terms of the Personal Information Collection Statement below.

Personal Information Collection Statement

This Personal Information Collection Statement informs applicant for, and holder of, the Hong Kong Offer Shares, of the policies and practices of our Company and its Hong Kong Share Registrar in relation to personal data and the Personal Data (Privacy) Ordinance (Chapter 486 of the Laws of Hong Kong).

Reasons for the collection of your personal data

It is necessary for applicants and registered holders of the Hong Kong Offer Shares to ensure that correct personal data supplied to our Company or our agents and the Hong Kong Share Registrar is accurate and up-to-date when applying for the Hong Kong Offer Shares or transferring the Hong Kong Offer Shares into or out of their names or in procuring the services of the Hong Kong Share Registrar.

Failure to supply the requested data or supplying inaccurate data may result in your application for the Hong Kong Offer Shares being rejected, or in delay or the inability of our Company or the Hong Kong Share Registrar to effect transfers or otherwise render their services. It may also prevent or delay registration or transfers of the Hong Kong Offer Shares which you have successfully applied for and/or the dispatch of Share certificate(s) to which you are entitled.

It is important that the holders of the Hong Kong Offer Shares inform us and the Hong Kong Share Registrar immediately of any inaccuracies in the personal data supplied.

HOW TO APPLY FOR HONG KONG OFFER SHARES

Purposes

Your personal data may be used, held, processed, and/or stored (by whatever means) for the following purposes:

- processing your application and refund check and e-Auto Refund payment instruction(s), where applicable, verification of compliance with the terms and application procedures set out in this Prospectus and announcing results of allocation of the Hong Kong Offer Shares;
- compliance with applicable laws and regulations in Hong Kong and elsewhere;
- registering new issues or transfers into or out of the names of the holders of our Shares including, where applicable, HKSCC Nominees;
- maintaining or updating our register of members;
- verifying identities of applicants for and the holders of our Shares and identifying any duplicate applications for the Shares;
- facilitating Hong Kong Offer Shares balloting;
- establishing benefit entitlements of holders of our Shares, such as dividends, rights issues, bonus issues, etc.;
- distributing communications from us and our subsidiaries;
- compiling statistical information and profiles of the holder of our Shares;
- disclosing relevant information to facilitate claims on entitlements; and
- any other incidental or associated purposes relating to the above and/or to enable us and the Hong Kong Share Registrar to discharge our or their obligations to applicants and holders of our Shares and/or regulators and/or any other purposes to which applicants and holders of the Shares may from time to time agree.

Transfer of personal data

Personal data held by us and the Hong Kong Share Registrar relating to the holders of the Hong Kong Offer Shares will be kept confidential but we and the Hong Kong Share Registrar may, to the extent necessary for achieving any of the above purposes, disclose, obtain or transfer (whether within or outside Hong Kong) the personal data to, from or with any of the following:

- our Company's appointed agents such as financial advisors, receiving bankers and overseas principal share registrar;

HOW TO APPLY FOR HONG KONG OFFER SHARES

- HKSCC or HKSCC Nominees, who will use the personal data and may transfer the personal data to the Hong Kong Share Registrar, in each case for the purposes of providing its services or facilities or performing its functions in accordance with its rules or procedures and operating FINI and CCASS (including where applicants for the Hong Kong Offer Shares request a deposit into CCASS);
- any agents, contractors or third-party service providers who offer administrative, telecommunications, computer, payment or other services to our Company or the Hong Kong Share Registrar in connection with their respective business operation;
- the Hong Kong Stock Exchange, the SFC and any other statutory regulatory or governmental bodies or otherwise as required by laws, rules or regulations, including for the purpose of the Stock Exchange's administration of the Listing Rules and the SFC's performance of its statutory functions; and
- any persons or institutions with which the holders of the Hong Kong Offer Shares have or propose to have dealings, such as their bankers, solicitors, accountants or stockbrokers etc.

Retention of personal data

Our Company and the Hong Kong Share Registrar will keep the personal data of the applicants and holders of the Hong Kong Offer Shares for as long as necessary to fulfill the purposes for which the personal data were collected. Personal data which is no longer required will be destroyed or dealt with in accordance with the Personal Data (Privacy) Ordinance.

Access to and correction of personal data

Applicants for and holders of the Hong Kong Offer Shares have the right to ascertain whether our Company or the Hong Kong Share Registrar hold their personal data, to obtain a copy of that data, and to correct any data that is inaccurate. We and the Hong Kong Share Registrar have the right to charge a reasonable fee for the processing of such requests. All requests for access to data or correction of data should be addressed to our Company and the Hong Kong Share Registrar, at our registered address disclosed in the section headed "Corporate Information" in this Prospectus or as notified from time to time, for the attention of the company secretary, or the Hong Kong Share Registrar for the attention of the privacy compliance officer.

The following is the text of a report set out on pages I-1 to I-74, received from the Company's reporting accountants, KPMG, Certified Public Accountants, Hong Kong, for the purpose of incorporation in this prospectus.



ACCOUNTANTS' REPORT ON HISTORICAL FINANCIAL INFORMATION TO THE DIRECTORS OF CHENQI TECHNOLOGY LIMITED, CHINA INTERNATIONAL CAPITAL CORPORATION HONG KONG SECURITIES LIMITED, HUATAI FINANCIAL HOLDINGS (HONG KONG) LIMITED AND ABCI CAPITAL LIMITED

Introduction

We report on the historical financial information of Chenqi Technology Limited (the "Company") and its subsidiaries (together, the "Group") set out on pages I-3 to I-74, which comprises the consolidated statements of financial position of the Group and the statements of financial position of the Company as at December 31, 2021, 2022 and 2023, the consolidated statements of profit or loss, the consolidated statements of profit or loss and other comprehensive income, the consolidated statements of changes in equity and the consolidated statements of cash flows, for each of the years ended December 31, 2021, 2022 and 2023 (the "Relevant Periods"), and material accounting policy information and other explanatory information (together, the "Historical Financial Information"). The Historical Financial Information set out on pages I-3 to I-74 forms an integral part of this report, which has been prepared for inclusion in the prospectus of the Company dated June 28, 2024 (the "Prospectus") 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 the Historical Financial Information that gives a true and fair view in accordance with the basis of preparation and presentation set out in note 1 to the Historical Financial Information, and for such internal control as the directors of the Company determine is necessary to enable the preparation of the Historical Financial Information that is free from material misstatement, whether due to fraud or error.

Reporting accountants' 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 accountants' 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 accountants consider internal control relevant to the entity's preparation of the Historical Financial Information that gives a true and fair view in accordance with the basis of preparation and presentation set out in note 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 purpose of the accountants' report, a true and fair view of the Company's and the Group's financial position as at December 31, 2021, 2022 and 2023 and of the Group's financial performance and cash flows for the Relevant Periods in accordance with the basis of preparation and presentation set out in note 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 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-3 have been made.

Dividends

We refer to note 30(h) to the Historical Financial Information which states that no dividends have been paid by the Company in respect of the Relevant Periods.

No statutory financial statements for the Company

No statutory financial statements have been prepared for the Company since its incorporation.

KPMG

Certified Public Accountants
8th Floor, Prince's Building
10 Chater Road
Central, Hong Kong
June 28, 2024

HISTORICAL FINANCIAL INFORMATION

Set out below is the Historical Financial Information which forms an integral part of this accountants' report.

The consolidated financial statements of the Group for the Relevant Periods, on which the Historical Financial Information is based, were audited by KPMG Huazhen LLP Guangzhou Branch in accordance with Hong Kong Standards on Auditing issued by the HKICPA (the "Underlying Financial Statements").

CONSOLIDATED STATEMENTS OF PROFIT OR LOSS

(Expressed in Renminbi)

	Note	Years ended December 31,		
		2021 RMB'000	2022 RMB'000	2023 RMB'000
Revenue	4	1,013,529	1,368,359	2,161,063
Cost of revenue		<u>(1,258,646)</u>	<u>(1,514,269)</u>	<u>(2,311,508)</u>
Gross loss		(245,117)	(145,910)	(150,445)
Other income	5	47,455	31,750	54,315
Selling and marketing expenses		(264,667)	(231,354)	(218,895)
General and administrative expenses		(99,860)	(106,772)	(154,979)
Research and development expenses		(116,623)	(105,401)	(118,943)
Credit loss on trade and other receivables	31(a)	(872)	(3,905)	(2,203)
Other net loss		<u>(3,791)</u>	<u>(47)</u>	<u>(2,703)</u>
Loss from operations		(683,475)	(561,639)	(593,853)
Finance costs	6(a)	(1,152)	(2,640)	(2,615)
Changes in the carrying amount of convertible redeemable preferred shares	26	–	(10,407)	(64,502)
Changes in the carrying amount of other financial liabilities issued to investors	27	–	<u>(52,097)</u>	<u>(31,824)</u>
Loss before taxation		(684,627)	(626,783)	(692,794)
Income tax	7(a)	–	–	–
Loss for the year		<u>(684,627)</u>	<u>(626,783)</u>	<u>(692,794)</u>
Attributable to:				
Equity shareholders of the Company		<u>(684,627)</u>	<u>(626,783)</u>	<u>(692,794)</u>
Loss per share	10			
Basic and diluted (RMB)		<u>(7.61)</u>	<u>(6.96)</u>	<u>(7.69)</u>

The accompanying notes form part of the Historical Financial Information.

CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

(Expressed in Renminbi)

	Years ended December 31,		
	2021	2022	2023
	RMB'000	RMB'000	RMB'000
Loss for the year	(684,627)	(626,783)	(692,794)
Items that may be reclassified subsequently to profit or loss:			
Exchange differences on translation of financial statements of foreign operations	—	(319)	(8,212)
Other comprehensive income for the year	—	(319)	(8,212)
Total comprehensive income for the year	<u>(684,627)</u>	<u>(627,102)</u>	<u>(701,006)</u>
Attributable to:			
Equity shareholders of the Company	<u>(684,627)</u>	<u>(627,102)</u>	<u>(701,006)</u>

The accompanying notes form part of the Historical Financial Information.

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
(Expressed in Renminbi)

	Note	As at December 31,		
		2021 RMB'000	2022 RMB'000	2023 RMB'000
Non-current assets				
Property, plant and equipment	11	28,282	28,171	63,752
Right-of-use assets	12	22,245	15,169	45,445
Intangible assets	13	4,446	11,687	29,303
Other non-current assets	14	3,269	29,581	8,774
		<u>58,242</u>	<u>84,608</u>	<u>147,274</u>
Current assets				
Inventories	16	–	7,142	18,311
Trade receivables	17	5,913	14,261	20,044
Prepayments, deposits and other receivables	18	18,620	106,876	124,549
Restricted cash	19	18,725	987	–
Cash and cash equivalents	20	86,981	553,666	612,858
		<u>130,239</u>	<u>682,932</u>	<u>775,762</u>
Current liabilities				
Trade and bills payables	21	52,845	58,070	78,168
Accruals and other payables	22	232,139	424,400	153,043
Loans and borrowings	23	10,000	23,011	14,033
Contract liabilities	24	1,292	2,140	2,837
Lease liabilities	25	9,854	11,535	31,007
Convertible redeemable preferred shares	26	–	247,973	1,161,283
Other financial liabilities issued to investors	27	–	726,813	888,913
		<u>306,130</u>	<u>1,493,942</u>	<u>2,329,284</u>
Net current liabilities		<u>(175,891)</u>	<u>(811,010)</u>	<u>(1,553,522)</u>
Total assets less current liabilities		<u>(117,649)</u>	<u>(726,402)</u>	<u>(1,406,248)</u>
Non-current liabilities				
Loans and borrowings	23	–	17,027	13,000
Deferred income	28	18,273	–	–
Lease liabilities	25	15,816	6,211	10,916
		<u>34,089</u>	<u>23,238</u>	<u>23,916</u>
NET LIABILITIES		<u>(151,738)</u>	<u>(749,640)</u>	<u>(1,430,164)</u>
CAPITAL AND RESERVES				
Share capital	30	309	309	310
Reserves		(152,047)	(749,949)	(1,430,474)
TOTAL DEFICIT		<u>(151,738)</u>	<u>(749,640)</u>	<u>(1,430,164)</u>

The accompanying notes form part of the Historical Financial Information.

STATEMENTS OF FINANCIAL POSITION OF THE COMPANY

(Expressed in Renminbi)

	Note	As at December 31,		
		2021 RMB'000	2022 RMB'000	2023 RMB'000
Non-current asset				
Interests in subsidiaries	15	850,953	958,673	2,000,905
Current assets				
Prepayments and other receivables	18	–	–	4,833
Cash and cash equivalents	20	2	238,638	20,252
		2	238,638	25,085
Current liabilities				
Accruals and other payables	22	–	–	10,754
Convertible redeemable preferred shares	26	–	247,973	1,161,283
Other financial liabilities issued to investors	27	–	221,849	14,665
		–	469,822	1,186,702
Net current assets/(liabilities)		2	(231,184)	(1,161,617)
NET ASSETS		850,955	727,489	839,288
CAPITAL AND RESERVES				
Share capital	30	309	309	310
Reserves		850,646	727,180	838,978
TOTAL EQUITY		850,955	727,489	839,288

The accompanying notes form part of the Historical Financial Information.

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

(Expressed in Renminbi)

	Share capital <i>RMB'000</i> <i>note 30(b)</i>	Share premium <i>RMB'000</i> <i>note 30(c)</i>	Capital reserve <i>RMB'000</i> <i>note 30(d)</i>	Share- based payment reserve <i>RMB'000</i> <i>note 30(e)</i>	Translation reserve <i>RMB'000</i> <i>note 30(f)</i>	Accumulated losses <i>RMB'000</i>	Total equity/ (deficit) <i>RMB'000</i>
Balance at January 1, 2021	309	899,684	45,141	–	1,203	(432,058)	514,279
Changes in equity for the year ended December 31, 2021							
Loss and total comprehensive income for the year	–	–	–	–	–	(684,627)	(684,627)
Waiver of payment of expenses by a shareholder	–	–	2,601	–	–	–	2,601
Equity-settled share-based transactions	–	–	–	16,009	–	–	16,009
Balance at December 31, 2021	<u>309</u>	<u>899,684</u>	<u>47,742</u>	<u>16,009</u>	<u>1,203</u>	<u>(1,116,685)</u>	<u>(151,738)</u>

The accompanying notes form part of the Historical Financial Information.

	Share capital <i>RMB'000</i> <i>note 30(b)</i>	Share premium <i>RMB'000</i> <i>note 30(c)</i>	Capital reserve <i>RMB'000</i> <i>note 30(d)</i>	Share- based payment reserve <i>RMB'000</i> <i>note 30(e)</i>	Translation reserve <i>RMB'000</i> <i>note 30(f)</i>	Other reserve <i>RMB'000</i> <i>note 30(g)</i>	Accumulated losses <i>RMB'000</i>	Total deficit <i>RMB'000</i>
Balance at								
January 1, 2022	309	899,684	47,742	16,009	1,203	–	(1,116,685)	(151,738)
Changes in equity								
for the year								
ended								
December 31,								
2022								
Loss for the year	–	–	–	–	–	–	(626,783)	(626,783)
Other								
comprehensive								
income for the								
year	–	–	–	–	(319)	–	–	(319)
Total								
comprehensive								
income for the								
year	–	–	–	–	(319)	–	(626,783)	(627,102)
Waiver of payment								
of expenses by a								
shareholder	–	–	1,350	–	–	–	–	1,350
Subscription of								
restricted share								
units under								
onshore share								
incentive plan	–	–	1,900	–	–	–	–	1,900
Equity-settled								
share-based								
transactions	–	–	–	33,166	–	–	–	33,166
Issuance of other								
financial								
liabilities to								
investors	–	–	–	–	–	(7,216)	–	(7,216)
Balance at								
December 31,								
2022	<u>309</u>	<u>899,684</u>	<u>50,992</u>	<u>49,175</u>	<u>884</u>	<u>(7,216)</u>	<u>(1,743,468)</u>	<u>(749,640)</u>

The accompanying notes form part of the Historical Financial Information.

	Share capital <i>RMB'000</i> <i>note 30(b)</i>	Share premium <i>RMB'000</i> <i>note 30(c)</i>	Capital reserve <i>RMB'000</i> <i>note 30(d)</i>	Share- based payment reserve <i>RMB'000</i> <i>note 30(e)</i>	Translation reserve <i>RMB'000</i> <i>note 30(f)</i>	Other reserve <i>RMB'000</i> <i>note 30(g)</i>	Accumulated losses <i>RMB'000</i>	Total deficit <i>RMB'000</i>
Balance at								
January 1, 2023	309	899,684	50,992	49,175	884	(7,216)	(1,743,468)	(749,640)
Changes in equity for the year ended December 31, 2023								
Loss for the year	-	-	-	-	-	-	(692,794)	(692,794)
Other comprehensive income for the year	-	-	-	-	(8,212)	-	-	(8,212)
Total comprehensive income for the year	-	-	-	-	(8,212)	-	(692,794)	(701,006)
Waiver of payment of expenses by a shareholder	-	-	2,563	-	-	-	-	2,563
Subscription of restricted stock as replacement of onshore share awards	1	1,899	(1,900)	-	-	-	-	-
Equity-settled share- based transactions	-	-	-	26,386	-	-	-	26,386
Deemed contribution from investors	-	-	-	-	-	12,522	-	12,522
Issuance of other financial liabilities to investors	-	-	-	-	-	(20,989)	-	(20,989)
Balance at								
December 31, 2023	<u>310</u>	<u>901,583</u>	<u>51,655</u>	<u>75,561</u>	<u>(7,328)</u>	<u>(15,683)</u>	<u>(2,436,262)</u>	<u>(1,430,164)</u>

The accompanying notes form part of the Historical Financial Information.

CONSOLIDATED STATEMENTS OF CASH FLOWS

(Expressed in Renminbi)

	Note	Years ended December 31,		
		2021	2022	2023
		RMB'000	RMB'000	RMB'000
Operating activities				
Cash used in operations	20(b)	(442,976)	(665,819)	(583,127)
Income tax paid		—	—	—
Net cash used in operating activities		<u>(442,976)</u>	<u>(665,819)</u>	<u>(583,127)</u>
Investing activities				
Interest received		10,850	12,260	14,497
Payment for purchase of property, plant and equipment		(17,433)	(38,262)	(20,303)
Payment for purchase of intangible assets		(3,582)	(11,606)	(21,382)
Net cash used in investing activities		<u>(10,165)</u>	<u>(37,608)</u>	<u>(27,188)</u>

The accompanying notes form part of the Historical Financial Information.

	Note	Years ended December 31,		
		2021	2022	2023
		RMB'000	RMB'000	RMB'000
Financing activities				
Capital element of rental paid	20(c)	(4,166)	(9,605)	(17,522)
Interest element of rental paid	20(c)	(1,033)	(1,054)	(1,191)
Proceeds from subscription of restricted share units under onshore share incentive plan		-	1,900	-
Proceeds from issuance of convertible redeemable preferred shares	20(c)	-	226,249	107,693
Proceeds from exercise of warrants	20(c)	-	-	680,022
Proceeds from issuance of other financial liabilities to investors	20(c)	-	667,500	468,600
Repayment of other financial liabilities to investors	20(c)	-	-	(667,500)
Proceeds from advance payments from investors	20(c)	-	249,924	125,000
Payments of professional expenses relating to issuance of convertible redeemable preferred shares and other financial liabilities to investors		(157)	(4,206)	(4,438)
Payments of listing expenses		-	-	(3,229)
Proceeds from loans and borrowings	20(c)	10,000	40,000	10,000
Repayment of loans and borrowings	20(c)	-	(10,000)	(23,000)
Interest paid	20(c)	(119)	(1,548)	(1,429)
Net cash generated from financing activities		<u>4,525</u>	<u>1,159,160</u>	<u>673,006</u>
Net (decrease)/increase in cash and cash equivalents		(448,616)	455,733	62,691
Cash and cash equivalents at the beginning of the year	20(a)	535,597	86,981	553,666
Effect of movements in exchange rates on cash held		<u>-</u>	<u>10,952</u>	<u>(3,499)</u>
Cash and cash equivalents at the end of the year	20(a)	<u><u>86,981</u></u>	<u><u>553,666</u></u>	<u><u>612,858</u></u>

The accompanying notes form part of the Historical Financial Information.

NOTES TO THE HISTORICAL FINANCIAL INFORMATION**1 BASIS OF PREPARATION AND PRESENTATION OF THE HISTORICAL FINANCIAL INFORMATION****1.1 General information**

Chenqi Technology Limited (the “Company”) was incorporated in the Cayman Islands on April 30, 2019, as an exempted company with limited liability under the Companies Act, Cap.22 (Act 3 of 1961, as consolidated and revised) of the Cayman Islands.

The Company and its subsidiaries (together, the “Group”) are principally engaged in mobility services, technology services and fleet sale and maintenance businesses in the People’s Republic of China (the “PRC”). The Company is an investment holding company and does not conduct any substantive business operations of its own but conducts its primary business operations through its subsidiaries.

As at the date of this report, no audited statutory financial statements have been prepared for the Company, as it is not subject to statutory audit requirements under the relevant rules and regulations in the jurisdiction of incorporation. The financial statements of the subsidiaries of the Group for which there are statutory requirements were prepared in accordance with the relevant accounting rules and regulations applicable to entities in the countries in which they were incorporated and/or established.

1.2 Basis of preparation and presentation

The Historical Financial Information has been prepared in accordance with all applicable IFRS Accounting Standards as issued by the International Accounting Standards Board (“IASB”). Further details of the material accounting policy information adopted are set out in note 2.

The IASB has issued a number of new and revised IFRS Accounting Standards. For the purpose of preparing this Historical Financial Information, the Group has adopted all applicable new and revised IFRS Accounting Standards to the Relevant Periods. The accounting policies set out in note 2 have been applied consistently throughout the Relevant Periods and the Group has not early adopted any new standards or interpretations that are not yet effective for the accounting period beginning on January 1, 2023. The revised and new accounting standards and interpretations issued but not yet effective for the accounting period beginning January 1, 2023 are set out in note 34.

The Historical Financial Information also complies with the applicable disclosure provisions of the Rule Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”).

During the Relevant Periods, certain of the Group’s businesses was conducted through Guangzhou Qichen Technology Co., Ltd. (“Qichen Technology”) and its subsidiaries. On July 10, 2019, Guangzhou Chenqi Mobility Technology Co., Ltd. (the “WFOE”), an indirect wholly-owned subsidiary of the Company, entered into a series of contractual arrangements (the “Contractual Arrangements”) with Qichen Technology and its registered shareholders. The details of the Contractual Arrangements are set out under the section headed “Contractual Arrangements” of the Prospectus. The Contractual Arrangements, taken as a whole, enable the WFOE to have effective control over Qichen Technology and obtain substantially all of the economic benefits of Qichen Technology. Accordingly, Qichen Technology is regarded as a controlled subsidiary of the Group and the financial position and results of operation of Qichen Technology and its subsidiaries were consolidated into the Historical Financial Information of the Group during the Relevant Periods.

The Group incurred accumulated losses of RMB2,436,262,000 as at December 31, 2023, and recorded net current liabilities of RMB1,553,522,000 and net liabilities of RMB1,430,164,000 as at December 31, 2023. The net current liabilities and net liabilities positions were primarily caused by the convertible redeemable preferred shares and other financial liabilities issued to investors totaling RMB2,050,196,000 as at December 31, 2023, which were classified as financial liabilities (see notes 26 and 27). The Directors of the Company are of the opinion that no material uncertainty exists related to events or conditions which, individually or collectively, may cast significant doubt on the Group’s ability to continue as a going concern, taking into account the following factors:

- Management has assessed that other financial liabilities issued to investors would be converted to convertible redeemable preferred shares of the Company upon the completion of certain specified events (see note 27) and the preferred rights and redemption features of the convertible redeemable preferred shares would be terminated upon a qualified initial public offering (see note 26), accordingly, the redeemable convertible preferred shares and other financial liabilities issued to investors would be

converted into equity which would lead to a significant improvement to the Group's net current liabilities and net liabilities positions. By excluding the convertible redeemable preferred shares and other financial liabilities issued to investors, the Group would be at a net current assets position of RMB496,674,000 and a net assets position of RMB620,032,000 respectively as at December 31, 2023;

- the Group has unutilized banking facilities of RMB50,000,000 as at December 31, 2023, which can be utilized by the Group to fulfil its liquidity requirements when necessary; and
- the Directors have reviewed the Group's cash flow projections, which cover a period of more than twelve months from December 31, 2023 and are of the opinion that the Group will have sufficient working capital to meet its liabilities and obligations as and when they fall due and to sustain its operations for at least the next twelve months from December 31, 2023.

Consequently, the Historical Financial Information has been prepared on a going concern basis.

1.3 Subsidiaries

As of the date of this report, the Company has the following principal subsidiaries, all of which are private companies:

Company name	Place and date of incorporation/ establishment	Registered/ paid-up capital	Percentage of equity attributable to the Company		Principal activities
			Direct	Indirect	
Chenqi On Time Technology Limited (ii)	BVI May 31, 2019	USD50,000/ Nil	100%	–	Investment holding
Chenqi (HK) Technology Limited (iii)	Hong Kong June 11, 2019	HKD1/HKD1	100%	–	Investment holding
Guangzhou Chenqi Mobility Technology Co., Ltd. ("Chenqi Mobility") (i)(iv)(vi) 廣州宸祺出行科技有限公司	PRC June 18, 2019	USD300,000,000/ USD300,000,000	99.86%	0.14%	Sale and maintenance of automobiles and provision of technology services
Guangzhou Chenqi Automobile Services Co., Ltd. (i)(iv)(vi) 廣州宸祺汽車服務有限公司	PRC June 19, 2019	USD29,133,700/ USD26,220,330	100%	–	Dormant
Guangzhou Qichen Technology Co., Ltd. ("Qichen Technology") (i)(iv)(v)(vi) 廣州祺宸科技有限公司	PRC March 29, 2018	RMB10,000,000/ RMB10,000,000	–	100%	Provision of mobility services

Notes:

- i The official names of these entities are in Chinese. The English names are for identification purpose only.
- ii This entity was not subject to statutory audit requirement under the relevant rules and regulations in the jurisdiction of incorporation.
- iii This entity prepared the financial statements for the years ended December 31, 2021, 2022 and 2023 in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the HKICPA. The financial statements were audited by KPMG.
- iv These entities prepared the financial statements for the years ended December 31, 2021, 2022 and 2023 in accordance with the China Accounting Standards for Business Enterprises issued by the Ministry of Finance of the PRC. These financial statements were audited by KPMG Huazhen LLP Guangzhou Branch (畢馬威華振會計師事務所(特殊普通合伙)廣州分所).

- v This entity is controlled by the Group through the Contractual Arrangements.
- vi These entities are limited liability companies established in the PRC.

All companies comprising the Group have adopted December 31 as their financial year end date.

2 MATERIAL ACCOUNTING POLICY INFORMATION

(a) Basis of measurement

The functional currency of the Company is United States Dollars (“USD”). The Historical Financial Information is presented in Renminbi (“RMB”), rounded to the nearest thousand except for earnings per share information. The measurement basis used in the preparation of the Historical Financial Information is the historical cost basis except that the financial assets measured at FVPL are stated at fair value as explained in note 2(d).

(b) Use of estimates and judgments

The preparation of the Historical Financial Information in conformity with IFRS Accounting Standards requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Judgements made by management in the application of IFRS Accounting Standards that have significant effect on the Historical Financial Information and major sources of estimation uncertainty are discussed in note 3.

(c) Consolidation

(i) Subsidiaries

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed, 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. When assessing whether the Group has power, only substantive rights (held by the Group and other parties) are considered.

An investment in a subsidiary is consolidated into the consolidated financial statements from the date that control commences until the date that control ceases. Intra-group balances, transactions and cash flows and any unrealized profits arising from intra-group transactions are eliminated in full in preparing the consolidated financial statements. Unrealized losses resulting from intra-group transactions are eliminated in the same way as unrealized gains but only to the extent that there is no evidence of impairment.

Changes in the Group’s interests in a subsidiary that do not result in a loss of control are accounted for as equity transactions, whereby adjustments are made to the amounts of controlling and non-controlling interests within consolidated equity to reflect the change in relative interests, but no adjustments are made to goodwill and no gain or loss is recognized.

When the Group loses control of a subsidiary, it is accounted for as a disposal of the entire interest in that subsidiary, with a resulting gain or loss being recognized in profit or loss. Any interest retained in that former subsidiary at the date when control is lost is recognized at fair value and this amount is regarded as the fair value on initial recognition of a financial asset or, when appropriate, the cost on initial recognition of an investment in an associate or joint venture.

In the Company’s statement of financial position, an investment in a subsidiary is stated at cost less impairment losses (see note 2(h)(ii)).

(ii) Subsidiaries controlled through the Contractual Arrangements

As certain of the Group's businesses are subject to foreign investment restrictions or prohibition under the relevant PRC laws and regulations (the "Relevant Businesses"), the Group operates the Relevant Businesses in the PRC through Qichen Technology and its subsidiaries, whose equity interests are held by certain registered shareholders (together "Registered Shareholders"). The Group signed the Contractual Arrangements with Qichen Technology and the Registered Shareholders. The Contractual Arrangements include exclusive technical consultancy service agreement, business operation agreement, exclusive option agreement, equity interest pledge agreement and shareholder rights entrustment agreement, which enable the Group to:

- govern the financial and operating policies of Qichen Technology;
- exercise equity holder's voting rights of Qichen Technology;
- receive substantially all of the economic interest returns generated by Qichen Technology in consideration for the technical consultancy and management services provided exclusively by the WFOE, at the discretion of the WFOE;
- obtain an irrevocable and exclusive option to purchase part or all of the equity interests, assets and business in Qichen Technology without paying further consideration at any time as permitted under applicable PRC laws or in accordance with conditions prescribed in the exclusive option agreement; and
- obtain a pledge over all of its equity interests from its respective Registered Shareholders as collateral to secure performance of the obligations of Registered Shareholders and Qichen Technology under the Contractual Arrangements.

Accordingly, the Group in effect has obtained power over Qichen Technology, is exposed to variable returns of Qichen Technology from its involvement with Qichen Technology and has the ability to affect those returns through its power over Qichen Technology. Therefore, the Group controls Qichen Technology and its subsidiaries and account for them as subsidiaries controlled by the Group.

(d) Derivative financial instruments

Derivative financial instruments are recognized at fair value. At the end of each reporting period, the fair value is remeasured. The gain or loss on remeasurement to fair value is recognized immediately in profit or loss.

(e) Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and impairment losses (see note 2(h)(ii)).

Gains or losses arising from the retirement or disposal of an item of property, plant and equipment are determined as the difference between the net disposal proceeds and the carrying amount of the item and are recognized in profit or loss on the date of retirement or disposal.

Depreciation is calculated to write off the cost or valuation of items of property, plant and equipment using the straight line method over their estimated useful lives as follows:

Leasehold improvements	4-5 years
Office equipment and furniture	5 years
Operating equipment	3-10 years
Vehicles	5 years

Both the useful life of an asset and its residual value, if any, are reviewed annually.

(f) Intangible assets

Research and development costs comprise all costs that are directly attributable to research and development activities or that can be allocated on a reasonable basis to such activities. Because of the nature of the Group's research and development activities, the criteria for the recognition of such costs as an asset are generally not met until late in the development stage of the project when the remaining development costs are immaterial. Hence both research costs and development costs are generally recognized as expenses in the period in which they are incurred.

Intangible assets that are acquired by the Group are stated at cost less accumulated amortization (where the estimated useful life is finite) and impairment losses (see note 2(h)(ii)).

Amortization of intangible assets with finite useful lives is charged to profit or loss on a straight-line basis over the assets' estimated useful lives. The useful lives of intangible assets are determined based on factors such as the technological obsolescence. The following intangible assets with finite useful lives are amortized from the date they are available for use and their estimated useful lives are as follows:

Software	3-5 years
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Both the period and method of amortization are reviewed annually.

(g) Leased assets

At inception of a contract, the Group assesses whether the contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Control is conveyed where the customer has both the right to direct the use of the identified asset and to obtain substantially all of the economic benefits from that use.

(i) As a lessee

Where the contract contains lease component(s) and non-lease component(s), the Group has elected not to separate non-lease components and accounts for each lease component and any associated non-lease components as a single lease component for all leases.

At the lease commencement date, the Group recognizes a right-of-use asset and a lease liability, except for short-term leases that have a lease term of 12 months or less and leases of low-value assets. When the Group enters into a lease in respect of a low-value asset, the Group decides whether to capitalize the lease on a lease-by-lease basis. The lease payments associated with those leases which are not capitalized are recognized as an expense on a systematic basis over the lease term.

Where the lease is capitalized, the lease liability is initially recognized at the present value of the lease payments payable over the lease term, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, using a relevant incremental borrowing rate. After initial recognition, the lease liability is measured at amortized cost and interest expense is calculated using the effective interest method. Variable lease payments that do not depend on an index or rate are not included in the measurement of the lease liability and hence are charged to profit or loss in the accounting period in which they are incurred.

The right-of-use asset recognized when a lease is capitalized is initially measured at cost, which comprises the initial amount of the lease liability plus any lease payments made at or before the commencement date, and any initial direct costs incurred. Where applicable, the cost of the right-of-use assets also includes an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, discounted to their present value, less any lease incentives received. The right-of-use asset is subsequently stated at cost less accumulated depreciation and impairment losses (see 2(h)(ii)). Depreciation is calculated to write off the cost of items of right-of-use assets, using the straight-line method over the depreciation period, which is the earlier of the estimated useful lives or lease terms.

The lease liability is remeasured when there is a change in future lease payments arising from a change in an index or rate, or there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee, or there is a change arising from the reassessment of whether the Group will be reasonably certain to exercise a purchase, extension or termination option. When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The lease liability is also remeasured when there is a change in the scope of a lease or the consideration for a lease that is not originally provided for in the lease contract ("lease modification") that is not accounted for as a separate lease. In this case the lease liability is remeasured based on the revised lease payments and lease term using a revised discount rate at the effective date of the modification.

In the consolidated statement of financial position, the current portion of long-term lease liabilities is determined as the present value of contractual payments that are due to be settled within twelve months after the reporting period.

(ii) As a lessor

When the Group acts as a lessor, it determines at lease inception whether each lease is a finance lease or an operating lease. A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to the ownership of an underlying assets to the lessee. If this is not the case, the lease is classified as an operating lease.

When a contract contains lease and non-lease components, the Group allocates the consideration in the contract to each component on a relative stand-alone selling price basis. The rental income from operating leases is recognized in accordance with note 2(s)(iv).

When the Group is an intermediate lessor, if the head lease is a short-term lease to which the Group applies the exemption described in note 2(g)(i), the Group classifies the sub-lease as an operating lease.

(h) Credit losses and impairment of assets

(i) Credit losses from financial instruments

The Group recognizes a loss allowance for expected credit losses (ECLs) on the financial assets measured at amortized cost (including cash and cash equivalents and trade and other receivables).

Other financial assets measured at fair value are not subject to the ECL assessment.

Measurement of ECLs

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all expected cash shortfalls (i.e. the difference between the cash flows due to the Group in accordance with the contract and the cash flows that the Group expects to receive).

The expected cash shortfalls are discounted using the following discount rates where the effect of discounting is material:

- fixed-rate financial assets and trade and other receivables: effective interest rate determined at initial recognition or an approximation thereof;
- variable-rate financial assets: current effective interest rate;

The maximum period considered when estimating ECLs is the maximum contractual period over which the Group is exposed to credit risk.

In measuring ECLs, the Group takes into account reasonable and supportable information that is available without undue cost or effort. This includes information about past events, current conditions and forecasts of future economic conditions.

ECLs are measured on either of the following bases:

- 12-month ECLs: these are losses that are expected to result from possible default events within the 12 months after the reporting date; and
- lifetime ECLs: these are losses that are expected to result from all possible default events over the expected lives of the items to which the ECL model applies.

Loss allowances for trade receivables are always measured at an amount equal to lifetime ECLs. ECLs on these financial assets are estimated using a provision matrix based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors and an assessment of both the current and forecast general economic conditions at the reporting date.

For all other financial instruments, the Group recognizes a loss allowance equal to 12-month ECLs unless there has been a significant increase in credit risk of the financial instrument since initial recognition, in which case the loss allowance is measured at an amount equal to lifetime ECLs.

Significant increases in credit risk

In assessing whether the credit risk of a financial instrument has increased significantly since initial recognition, the Group compares the risk of default occurring on the financial instrument assessed at the reporting date with that assessed at the date of initial recognition. In making this reassessment, the Group considers that a default event occurs when (i) the borrower is unlikely to pay its credit obligations to the Group in full, without recourse by the Group to actions such as realizing security (if any is held); or (ii) the financial asset is 30 days past due. The Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort.

In particular, the following information is taken into account when assessing whether credit risk has increased significantly since initial recognition:

- failure to make payments of principal or interest on their contractually due dates;
- an actual or expected significant deterioration in a financial instrument's external or internal credit rating (if available);
- an actual or expected significant deterioration in the operating results of the debtor; and
- existing or forecast changes in the technological, market, economic or legal environment that have a significant adverse effect on the debtor's ability to meet its obligation to the Group.

Depending on the nature of the financial instruments, the assessment of a significant increase in credit risk is performed on either an individual basis or a collective basis. When the assessment is performed on a collective basis, the financial instruments are grouped based on shared credit risk characteristics, such as past due status and credit risk ratings.

ECLs are remeasured at each reporting date to reflect changes in the financial instrument's credit risk since initial recognition. Any change in the ECL amount is recognized as an impairment gain or loss in profit or loss. The Group recognizes an impairment gain or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account, except for investments in debt securities that are measured at FVOCI (recycling), for which the loss allowance is recognized in other comprehensive income and accumulated in the fair value reserve (recycling).

Basis of calculation of interest income

Interest income recognized in accordance with note 2(s)(v) is calculated based on the gross carrying amount of the financial asset unless the financial asset is credit-impaired, in which case interest income is calculated based on the amortized cost (i.e. the gross carrying amount less loss allowance) of the financial asset.

At each reporting date, the Group assesses whether a financial asset is credit-impaired. A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable events:

- significant financial difficulties of the debtor;
- a breach of contract, such as a default or past due event;
- it becoming probable that the borrower will enter into bankruptcy or other financial reorganization;
- significant changes in the technological, market, economic or legal environment that have an adverse effect on the debtor; or
- the disappearance of an active market for a security because of financial difficulties of the issuer.

Write-off policy

The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Group determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off.

Subsequent recoveries of an asset that was previously written off are recognized as a reversal of impairment in profit or loss in the period in which the recovery occurs.

(ii) Impairment of other non-current assets

Internal and external sources of information are reviewed at the end of each reporting period to identify indications that the following assets may be impaired or, except in the case of goodwill, an impairment loss previously recognized no longer exists or may have decreased:

- property, plant and equipment;
- right-of-use assets;
- intangible assets; and
- investments in subsidiaries in the Company's statement of financial position.

If any such indication exists, the asset's recoverable amount is estimated. In addition, for goodwill, the recoverable amount is estimated annually whether or not there is any indication of impairment.

– *Calculation of recoverable amount*

The recoverable amount of an asset is the greater of its fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Where an asset does not generate cash inflows largely independent of those from other assets, the recoverable amount is determined for the smallest group of assets that generates cash inflows independently (i.e. a cash-generating unit).

– *Recognition of impairment losses*

An impairment loss is recognized in profit or loss if the carrying amount of an asset, or the cash-generating unit to which it belongs, exceeds its recoverable amount. Impairment losses recognized in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the cash-generating unit (or group of units) and then, to reduce the carrying amount of the other assets in the unit (or group of units) on a pro rata basis, except that the carrying value of an asset will not be reduced below its individual fair value less costs of disposal (if measurable) or value in use (if determinable).

– *Reversals of impairment losses*

In respect of assets other than goodwill, an impairment loss is reversed if there has been a favorable change in the estimates used to determine the recoverable amount. An impairment loss in respect of goodwill is not reversed.

A reversal of an impairment loss is limited to the asset's carrying amount that would have been determined had no impairment loss been recognized in prior years. Reversals of impairment losses are credited to profit or loss in the period in which the reversals are recognized.

(i) Inventories

Inventories are assets which are held for sale in the ordinary course of business or in the form of materials or supplies to be consumed in the rendering of services.

Inventories are carried at the lower of cost and net realizable value.

Cost is calculated on specific identification or weighted average basis as appropriate and comprises all costs of purchase and other costs incurred in bringing the inventories to their present location and condition.

Net realizable value is the estimated selling price in the ordinary course of business less the estimated costs necessary to make the sale.

When inventories are sold, the carrying amount of those inventories is recognized as an expense in the period in which the related revenue is recognized.

The amount of any write-down of inventories to net realizable value and all losses of inventories are recognized as an expense in the period the write-down or loss occurs. The amount of any reversal of any write-down of inventories is recognized as a reduction in the amount of inventories recognized as an expense in the period in which the reversal occurs.

(j) Contract liabilities

A contract liability is recognized when the customer pays consideration before the Group recognizes the related revenue (see note 2(s)). A contract liability would also be recognized if the Group has an unconditional right to receive non-refundable consideration before the Group recognizes the related revenue. In such cases, a corresponding receivable would also be recognized (see note 2(k)).

(k) Trade and other receivables

A receivable is recognized when the Group has an unconditional right to receive consideration. A right to receive consideration is unconditional if only the passage of time is required before payment of that consideration is due.

Trade receivables that do not contain a significant financing component are initially measured at their transaction price. All receivables are subsequently stated at amortized cost using the effective interest method less allowance for credit losses (see note 2(h)(i)).

(l) Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and on hand, demand deposits with banks and other financial institutions, and short-term, highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value, having been within three months of maturity at acquisition. Cash and cash equivalents are assessed for expected credit losses (ECL) in accordance with the policy set out in note 2(h)(i).

(m) Trade and other payables

Trade and other payables are initially recognized at fair value. Subsequent to initial recognition, trade and other payables are stated at amortized cost unless the effect of discounting would be immaterial, in which case they are stated at cost.

(n) Convertible redeemable preferred shares

Convertible redeemable preferred shares give rise to financial liabilities as they are redeemable upon the occurrence of certain triggering events which are beyond the control of both the Group and the preferred shareholders.

At initial recognition, the redemption liabilities resulting from the convertible redeemable preferred shares are measured at the present value of the redemption amount. Subsequent changes in the carrying amount of the redemption liabilities are recognized in profit or loss.

When the convertible redeemable preferred shares are converted into ordinary shares, the carrying amount of the financial liabilities is transferred to share capital and share premium.

(o) Warrants and related loans

During the Relevant Periods, the Company issued warrants to certain investors which give them the right to subscribe for the convertible redeemable preferred shares of the Company. In connection with the issuance of the warrants, the investors simultaneously provided loans to a subsidiary of the Group. Subject to completion of certain specified events, the Group shall repay the loans to the investors and the investors shall exercise the warrants and subscribe for the convertible redeemable preferred shares of the Company.

In the consolidated financial statements, the warrants and related loans are aggregated and treated as if they were a single financial instrument when there are sufficient indicators that the issuance of the warrants and related loans results, in substance, in a single financial instrument. The warrants and related loans, as a single financial instrument, give rise to financial liabilities as they are redeemable upon the occurrence of certain triggering events that are beyond the control of both the Group and the investors. This instrument is accounted for as a compound financial instrument as it contains both liability and equity components. At initial recognition, the redemption liabilities resulting from the warrants and related loans are measured at the present value of the redemption amount. Difference between the present value of the redemption amount, which is the amount separately determined for the liability component, and the consideration received for the issuance of warrants and related loans, which represents the fair value of the compound financial instrument as a whole, is recognized in equity. Subsequent changes in the carrying amount of the redemption liabilities are recognized in profit or loss.

In the Company's financial statements, the warrants are recognized as derivative liabilities and accounted for in accordance with the accounting policy set out in note 2(d).

(p) Interest-bearing borrowings

Interest-bearing borrowings are measured initially at fair value less transaction costs. Subsequent to initial recognition, interest-bearing borrowings are stated at amortized cost using the effective interest method. Interest expense is recognized in accordance with the Group's accounting policy for borrowing costs (see note 2(u)).

(q) Employee benefits**(i) Short term employee benefits and contributions to defined contribution retirement plans**

Salaries, annual bonuses, paid annual leave, contributions to defined contribution retirement plans and the cost of non-monetary benefits are accrued in the period in which the associated services are rendered by employees. Where payment or settlement is deferred and the effect would be material, these amounts are stated at their present values.

(ii) Share-based payments

The Group operates certain equity-settled share-based compensation plans, under which the Group receives services from employees as consideration for equity instruments of the Group.

The fair value of share awards granted to employees is recognized as an employee cost with a corresponding increase in the share-based payment reserve. The fair value is measured at grant date, taking into account the terms and conditions upon which the share awards were granted. Where the employees have to meet vesting conditions before becoming unconditionally entitled to the share awards, the total estimated fair value of the share awards is spread over the vesting period, taking into account the probability that the share awards will vest.

During the vesting period, the number of share awards that is expected to vest is reviewed. Any resulting adjustment to the cumulative fair value recognized in prior years is charged/credited to the profit or loss for the period of the review, unless the original employee expenses qualify for recognition as an asset, with a corresponding adjustment to the share-based payment reserve. On vesting date, the amount recognized as an expense is adjusted to reflect the actual number of share awards that vest (with a corresponding adjustment to equity). The equity amount of share options is recognized in the capital reserve until either the option is exercised (when it is included in the amount recognized in share capital for the shares issued) or the option expires (when it is released directly to retained profits). The equity amount of restricted share units is recognized in the capital reserve until the share award is vested.

If new share awards are granted to employees and, on the date when those new share awards are granted, the entity identifies the new share awards granted as replacement share awards for the cancelled share awards, the entity shall account for the granting of replacement share awards in the same way as a modification of the original grant of share awards.

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 a modification reduces the fair value of the equity instruments granted, or is not otherwise beneficial to the employee, the Group continues to recognize the services received as a minimum measured at the original grant date fair value of the equity instruments granted (unless those equity instruments are forfeited) as if that modification had not occurred.

(iii) Termination benefits

Termination benefits are recognized at the earlier of when the Group can no longer withdraw the offer of those benefits and when it recognizes restructuring costs involving the payment of termination benefits.

(r) Income tax

Income tax for the period comprises current tax and movements in deferred tax assets and liabilities. Current tax and movements in deferred tax assets and liabilities are recognized in profit or loss except to the extent that they relate to items recognized in other comprehensive income or directly in equity, in which case the relevant amounts of tax are recognized in other comprehensive income or directly in equity, respectively.

Current tax is the expected tax payable on the taxable income for the period, using tax rates enacted or substantively enacted at the end of each Relevant Periods, and any adjustment to tax payable in respect of previous periods.

Deferred tax assets and liabilities arise from deductible and taxable temporary differences respectively, being the differences between the carrying amounts of assets and liabilities for financial reporting purposes and their tax bases. Deferred tax assets also arise from unused tax losses and unused tax credits.

Apart from certain limited exceptions, all deferred tax liabilities, and all deferred tax assets to the extent that it is probable that future taxable profits will be available against which the asset can be utilized, are recognized. Future taxable profits that may support the recognition of deferred tax assets arising from deductible temporary differences include those that will arise from the reversal of existing taxable temporary differences, provided those differences relate to the same taxation authority and the same taxable entity, and are expected to reverse either in the same period as the expected reversal of the deductible temporary difference or in periods into which a tax loss arising from the deferred tax asset can be carried back or forward. The same criteria are adopted when determining whether existing taxable temporary differences support the recognition of deferred tax assets arising from unused tax losses and credits, that is, those differences are taken into account if they relate to the same taxation authority and the same taxable entity, and are expected to reverse in a period, or periods, in which the tax loss or credit can be utilized.

The limited exceptions to recognition of deferred tax assets and liabilities are those temporary differences arising from goodwill not deductible for tax purposes, the initial recognition of assets or liabilities that affect neither accounting nor taxable profit (provided they are not part of a business combination), and temporary differences relating to investments in subsidiaries to the extent that, in the case of taxable differences, the Group controls the timing of the reversal and it is probable that the differences will not reverse in the foreseeable future, or in the case of deductible differences, unless it is probable that they will reverse in the future.

The Group recognized deferred tax assets and deferred tax liabilities separately in relation to its lease liabilities and right-of-use assets.

The amount of deferred tax recognized is measured based on the expected manner of realization or settlement of the carrying amount of the assets and liabilities, using tax rates enacted or substantively enacted at the end of the reporting period. Deferred tax assets and liabilities are not discounted.

The carrying amount of a deferred tax asset is reviewed at the end of each Relevant Periods and is reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow the related tax benefit to be utilized. Any such reduction is reversed to the extent that it becomes probable that sufficient taxable profits will be available.

Current tax balances and deferred tax balances, and movements therein, are presented separately from each other and are not offset. Current tax assets are offset against current tax liabilities, and deferred tax assets against deferred tax liabilities, if the Group or the Company has the legally enforceable right to set off current tax assets against current tax liabilities and the following additional conditions are met:

- in the case of current tax assets and liabilities, the Group or the Company intends either to settle on a net basis, or to realize the asset and settle the liability simultaneously; or
- in the case of deferred tax assets and liabilities, if they relate to income taxes levied by the same taxation authority on either;
- the same taxable entity; or
- different taxable entities, which, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered, intend to realize the current tax assets and settle the current tax liabilities on a net basis or realize and settle simultaneously.

(s) Revenue and other income

Income is classified by the Group as revenue when it arises from the provision of services or the sale of goods in the ordinary course of the Group's business.

Revenue is recognized when control over the service or good is transferred to the customer, at the amount of promised consideration to which the Group is expected to be entitled, excluding those amounts collected on behalf of third parties. In particular, revenue excludes value added tax and is after deduction of any trade discounts and sales rebates.

When another party is involved in providing services or goods to a customer, the Group determines whether the nature of its promise is a performance obligation to provide the specified services or goods itself (i.e., the Group is a principal) or to arrange for those services or goods to be provided by the other party (i.e., the Group is an agent). This determination is made by identifying each specified service or good promised to the customer in the contract and evaluating whether the entity obtains control of the specified service or good before it is transferred to the customer.

The Group is a principal if it controls the right to the specified service that will be performed by another party, which gives the Group the ability to direct that party to provide the service on the Group's behalf, or obtains control of a good from another party that it then transfers to the customer.

The Group is an agent if its performance obligation is to arrange for the provision of the specified service or good by another party. In this case, the Group does not control the specified service or good provided by another party before that service or good is transferred to the customer. When the Group acts as an agent, it recognizes revenue on a net basis in the amount of any fee or commission to which it expects to be entitled, which is the net amount of consideration that the Group retains after paying other parties.

Further details of the Group's income recognition policies are as follows:

(i) *Mobility services business*

(a) *Ride-hailing services*

The Group provides ride-hailing services to riders by engaging its registered drivers via its own mobility service platform and connecting to third-party mobility service platforms. The Group has determined that it is the principal and views the riders as its customers in these ride-hailing services because it controls the services provided to riders. Among other things, the Group has control over the promised services before they are provided to the riders as it has the discretion to accept and reject orders from riders; it has the ability to assign and direct its registered drivers to deliver services on behalf of the Group; it sets the service standards and rules with which the registered drivers are obligated to comply when providing the services; and it evaluates the performance of its registered drivers regularly against such standards and rules; it has the discretion in establishing the prices for the services and the fees to its registered drivers separately; and it is the party primarily responsible for fulfilling the services in accordance with the relevant regulations in the PRC and the service agreements.

The Group recognizes revenue on a gross basis at the amount of ride service fees to which the Group is expected to be entitled upon the completion of the ride services. Service costs of third-party mobility service platforms, through which their riders placed orders to the Group, are recognized as cost of revenue.

The Group also provides services to facilitate matching third-party ride-hailing service providers with ride orders received via its own mobility service platform and connecting to third-party mobility service platforms. The Group has determined that it is the agent for these services and views these third-party ride-hailing service providers as the customers, as it does not have the ability to assign and direct the drivers from third-party ride-hailing service providers to deliver the ride services. The Group recognizes the service fee income at the amount charged to the third-party ride-hailing service providers. The Group recognizes these service fee income at the point in time upon the completion of a ride order.

(b) *Robotaxi services*

The Group also provides ride-hailing services to riders as a principal through its own autonomous vehicles, Robotaxis. The Group recognizes revenue on a gross basis at the amount of ride service fees to which the Group is expected to be entitled upon the completion of the ride services.

(c) *Hitch services*

The Group provides hitch services to facilitate matching private car owners with riders via its own mobility service platform and connecting to other hitch platforms. The Group has determined that it is the agent for such services, as the Group does not have the ability to assign and direct the private car owners. The Group recognizes revenue from hitch services on a net basis. The Group earns information service fees from private car owners, which the Group views as the customers and recognizes the information service fees upon the completion of a hitch trip.

(d) *Incentives*

The Group provides various types of incentives to riders and drivers, including discount coupons, direct payment deduction and discounts on services. The accounting policy for major incentives is described as follows.

Incentives to customers

The Group records incentives to riders using ride-hailing services and private car owners providing hitch services, who are regarded as the customers of the Group, as a deduction of revenue, to the extent of the fees collected from the customers, as the Group does not receive a distinct service in exchange for the payment. When the amount of these incentives exceeds the revenue earned on an order by order basis, the excess is recorded in cost of revenue.

Incentives to registered drivers providing ride-hailing services

The incentives to registered drivers providing ride-hailing services are recognized as cost of revenue as they are part of the Group's fulfilment costs for completing the performance obligation under the ride-hailing services.

Incentives to riders when the Group acts as an agent

The Group records incentives to riders in the services to facilitate matching third-party ride-hailing service providers with ride orders received or hitch services as selling and marketing expenses at the time they are redeemed by the riders.

User referrals

Incentives earned by riders and drivers for referring new users to the Group are paid in exchange for a distinct service and are accounted for as customer acquisition costs. The Group records such customer acquisition costs as selling and marketing expenses when incurred.

(ii) Technology services business

Technology services mainly include development of software, smart transportation solutions and other technical services during the Relevant Periods. When the outcome of the contract can be reasonably measured, revenue from the contract is recognized over time during the development process based on the proportion of the actual costs incurred relative to the estimated total costs to provide a faithful depiction of the transfer of the service.

(iii) Fleet sale and maintenance business

Fleet sale and maintenance business mainly include sales of vehicles and spare parts, and provision of repair and maintenance services.

(a) Sales of vehicles and spare parts

Revenue arising from the sale of goods is recognized when control of the goods has transferred according to respective agreed terms of delivery.

(b) Repair and maintenance services

Revenue arising from repair and maintenance services is recognized as and when the service is rendered.

(iv) Practical expedients

The Group has taken advantage of the practical expedient in paragraph 63 of IFRS 15 and does not adjust the consideration for any effects of a significant financing component as the period of financing is 12 months or less.

The Group has also applied the practical expedient of not disclosing the information related to the aggregated amount of the transaction price allocated to the remaining performance obligations for contracts that had an original expected duration of one year or less in accordance with paragraph 121(a) of IFRS 15.

The Group has also applied the practical expedient in accordance with paragraph 94 of IFRS 15 and expenses customer acquisition costs as incurred because the amortization period would be one year or less.

(v) Rental income from operating leases

Rental income under operating leases is recognized in profit or loss on a straight-line basis over the lease term. Lease incentives granted are recognized in profit or loss as an integral part of the aggregate net lease payments receivable.

(vi) Interest income

Interest income is recognized as it accrues under the effective interest method using the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the gross carrying amount of the financial asset.

(vii) Government grants

Government grants are recognized in the statement of financial position initially when there is reasonable assurance that they will be received and that the Group will comply with the conditions attaching to them. Grants that compensate the Group for expenses incurred are recognized as other income in profit or loss on a systematic basis in the same periods in which the expenses are incurred. Grants that compensate the Group for the cost of assets are initially recognized as deferred income and subsequently recognized as other income in profit or loss over the useful life of the assets.

(t) Translation of foreign currencies

Transactions in foreign currencies are translated into respective functional currencies of group companies at the exchange rates at the dates of transactions.

Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the exchange rate at the end of the reporting period.

Non-monetary assets and liabilities that are measured based on historical cost in a foreign currency are translated at the exchange rate at the date of the transaction. Non-monetary assets and liabilities that are measured at fair value in a foreign currency are translated into the functional currency at the exchange rate when the fair value was determined. Foreign currency differences are generally recognized in profit or loss.

The results of foreign operations are translated into RMB at the exchange rates approximating the foreign exchange rates at the dates of the transactions. Statement of financial position items are translated into RMB at the closing foreign exchange rates at the end of each reporting period. The resulting exchange differences are recognized in other comprehensive income and accumulated separately in equity in the translation reserve.

(u) Borrowing costs

Borrowing costs that are directly attributable to the acquisition or construction of an asset which necessarily takes a substantial period of time to get ready for its intended use are capitalized as part of the cost of that asset. Other borrowing costs are expensed in the period in which they are incurred.

(v) Related parties

(a) A person, or a close member of that person's family, is related to the Group if that person:

- (i) has control or joint control over the Group;
- (ii) has significant influence over the Group; or
- (iii) is a member of the key management personnel of the Group or the Group's parent.

(b) An entity is related to the Group if any of the following conditions applies:

- (i) The entity and the Group are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).
- (ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).
- (iii) Both entities 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 (a).

- (vii) A person identified in (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).
- (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 Group's parent.

Close members of the family of a person are those family members who may be expected to influence, or be influenced by, that person in their dealings with the entity.

(w) Segment reporting

Operating segments, and the amounts of each segment item reported in the Historical Financial Information, are identified from the financial information provided regularly to the Group's most senior executive management for the purposes of allocating resources to, and assessing the performance of, the Group's various lines of business and geographical locations.

Individually material operating segments are not aggregated for financial reporting purposes unless the segments have similar economic characteristics and are similar in respect of the nature of services and goods, the type or class of customers, the methods used to provide the services or distribute the products, and the nature of the regulatory environment. Operating segments which are not individually material may be aggregated if they share a majority of these criteria.

3 ACCOUNTING JUDGMENTS AND ESTIMATES

Note 2(s) contains information about judgments made in respect of determination of whether the Group is principal or agent in provision of various mobility services.

Notes 29 and 27 contain information about the assumptions and their risk factors relating to fair value of equity-settled share-based transactions and financial instruments.

Other key judgments and sources of estimation uncertainty in the process of applying the Group's accounting policies are as follows:

(a) Provision for expected credit losses on trade and other receivables

The Group uses a provision matrix to calculate ECLs for trade and other receivables. The provision matrix is initially based on the Group's historical observed default rates. At the end of each of the reporting periods, the historical observed default rates had been checked to determine whether they need to be updated and the changes on the forward-looking estimates are analyzed.

The assessment of the correlation among historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and forecast economic conditions. The Group's historical credit loss experience and forecast of economic conditions may also not be representative of customer's actual default in the future. The information about the ECLs on the Group's trade and other receivables are disclosed in note 31(a) to the Historical Financial Information.

(b) Recognition of deferred tax assets

Deferred tax assets in respect of tax losses and deductible temporary differences can only be recognized to the extent that it is probable that future taxable profits will be available against which the tax losses and deductible temporary differences can be utilized. Therefore, management's judgment is required to assess the probability of future taxable profits. Management's assessment is revised as necessary and additional deferred tax assets are recognized if it becomes probable that future taxable profits will allow the deferred tax asset to be recovered.

(c) Control assessment over Qichen Technology through the Contractual Arrangements

As disclosed in note 2(c)(ii), the directors have determined that the Group has control over Qichen Technology through the Contractual Arrangements notwithstanding that it does not have direct or indirect legal ownership in equity of Qichen Technology. Nevertheless, the Contractual Arrangements may not be as effective as direct legal ownership in providing the Group with direct control over Qichen Technology and uncertainties in the present legal system in the PRC could limit the Group's ability to enforce the Contractual Arrangements. The directors, based on the advice of its PRC Legal Advisor, consider that the Contractual Arrangements with Qichen Technology are legal, valid and binding under PRC laws. Accordingly, Qichen Technology and its subsidiaries were accounted for as controlled subsidiaries during the Relevant Periods.

4 REVENUE AND SEGMENT REPORTING

(a) Revenue

The principal activities of the Group are provision of mobility services, provision of technology services and conduction of fleet sale and maintenance business in the PRC during the Relevant Periods.

(i) Disaggregation of revenue

Disaggregation of revenue is as follows:

	Years ended December 31,		
	2021 RMB'000	2022 RMB'000	2023 RMB'000
Disaggregated by business lines			
Mobility services business			
– Ride-hailing services	1,005,188	1,244,956	1,812,133
– Others (i)	7,276	4,812	2,000
	<u>1,012,464</u>	<u>1,249,768</u>	<u>1,814,133</u>
Technology services business	1,065	–	26,545
Fleet sale and maintenance business (ii)	–	118,591	320,385
	<u>1,013,529</u>	<u>1,368,359</u>	<u>2,161,063</u>
Disaggregated by sources of revenue			
Revenue from contracts with customers within the scope of IFRS15	1,013,199	1,368,332	2,161,063
Revenue from other sources			
– Leasing of vehicles	330	27	–
	<u>1,013,529</u>	<u>1,368,359</u>	<u>2,161,063</u>
Disaggregation of revenue from contracts with customers by the timing of revenue recognition			
Point in time	1,012,134	1,368,332	2,134,518
Over time	1,065	–	26,545
	<u>1,013,199</u>	<u>1,368,332</u>	<u>2,161,063</u>

Notes:

- (i) Others mainly comprised Robotaxi services, hitch services and promotion and marketing services during the Relevant Periods.
- (ii) Fleet sale and maintenance business comprises sales of vehicles, provision of repair and maintenance services and other related services. Amongst which, revenue from sales of vehicles amounted to nil, RMB96,954,000 and RMB292,895,000 for the years ended December 31, 2021, 2022 and 2023, respectively.

(ii) Information about major customers

The Group's customer base is diversified and decentralized. No revenue from individual customer contributed over 10% of total revenue of the Group during the Relevant Periods.

(b) Segment reporting

The Group manages its businesses by business lines. In a manner consistent with the way in which information is reported internally to the Group's most senior executive management for the purposes of resource allocation and performance assessment, the Group has presented the following three reportable segments during the Relevant Periods:

Reportable segments	Operations
Mobility services business	Provision of ride-hailing services, Robotaxi services, hitch services and other related services
Technology services business	Provision of technology services
Fleet sale and maintenance business	Sale of vehicles, provision of repair and maintenance services and other related services

(i) Segment results, assets and liabilities

The Group's most senior executive management assesses the performance of the reportable segments mainly based on revenue, profit/(loss) and material non-cash items of each reportable segments. There were no separate segment assets and segment liabilities information provided to the Group's most senior executive management as they do not use these information to allocate resources to or evaluate the performance of the reportable segments. Information regarding the Group's reportable segments during the Relevant Periods is set out below.

Year ended December 31, 2021

	Mobility services business <i>RMB'000</i>	Technology services business <i>RMB'000</i>	Fleet sale and maintenance business <i>RMB'000</i>	Total <i>RMB'000</i>
External revenues	1,012,464	1,065	–	1,013,529
Segment revenue	1,012,464	1,065	–	1,013,529
Segment (loss)/profit before taxation	(584,894)	127	–	(584,767)
Interest income from bank deposits	10,758	–	–	10,758
Finance costs	(1,152)	–	–	(1,152)
Depreciation and amortization	(14,568)	–	–	(14,568)
Other material non-cash items:				
– credit loss on trade and other receivables	(872)	–	–	(872)
– service costs of mobility service platform waived by a shareholder	(2,601)	–	–	(2,601)

Year ended December 31, 2022

	Mobility services business RMB'000	Technology services business RMB'000	Fleet sale and maintenance business RMB'000	Total RMB'000
External revenues	1,249,768	–	118,591	1,368,359
Segment revenue	1,249,768	–	118,591	1,368,359
Segment loss before taxation	(456,458)	–	(1,049)	(457,507)
Interest income from bank deposits	12,482	–	20	12,502
Finance costs	(2,379)	–	(261)	(2,640)
Depreciation and amortization	(20,977)	–	(1,788)	(22,765)
Other material non-cash items:				
– credit loss on trade and other receivables	(3,905)	–	–	(3,905)
– service costs of mobility service platform waived by a shareholder	(1,350)	–	–	(1,350)

Year ended December 31, 2023

	Mobility services business RMB'000	Technology services business RMB'000	Fleet sale and maintenance business RMB'000	Total RMB'000
External revenues	1,814,133	26,545	320,385	2,161,063
Segment revenue	1,814,133	26,545	320,385	2,161,063
Segment (loss)/profit before taxation	(448,399)	4,665	2,245	(441,489)
Interest income from bank deposits	14,526	–	48	14,574
Finance costs	(2,423)	–	(192)	(2,615)
Depreciation and amortization	(31,693)	(155)	(3,353)	(35,201)
Other material non-cash items:				
– credit loss on trade and other receivables	(2,203)	–	–	(2,203)
– service costs of mobility service platform waived by a shareholder	(2,563)	–	–	(2,563)

(ii) Reconciliations of reportable segment revenue and segment loss before taxation

	Years ended December 31,		
	2021 RMB'000	2022 RMB'000	2023 RMB'000
i. Revenue			
Total segment revenue	1,013,529	1,368,359	2,161,063
Consolidated revenue	1,013,529	1,368,359	2,161,063

	Years ended December 31,		
	2021	2022	2023
	RMB'000	RMB'000	RMB'000
ii. Loss before taxation			
Segment loss before taxation	(584,767)	(457,507)	(441,489)
Unallocated amount:			
– general and administrative expenses	(99,860)	(106,772)	(154,979)
– changes in carrying amount of convertible redeemable preferred shares	–	(10,407)	(64,502)
– changes in carrying amount of other financial liabilities issued to investors	–	(52,097)	(31,824)
	<u>–</u>	<u>(52,097)</u>	<u>(31,824)</u>
Consolidated loss before taxation	<u>(684,627)</u>	<u>(626,783)</u>	<u>(692,794)</u>

(iii) Geographic information

All of the non-current assets of the Group are physically located in the PRC, and the revenue of the Group is all derived from operations in the PRC during the Relevant Periods.

5 OTHER INCOME

	Years ended December 31,		
	2021	2022	2023
	RMB'000	RMB'000	RMB'000
Government grants (i)	36,697	19,248	39,741
Interest income from bank deposits	<u>10,758</u>	<u>12,502</u>	<u>14,574</u>
	<u>47,455</u>	<u>31,750</u>	<u>54,315</u>

Note:

- (i) Government grants represent cash awards granted to certain subsidiaries of the Group by the local government authorities in the PRC, without condition attached or for which management considered the Group has complied with the conditions attaching to them. Government grants mainly include subsidies for economic contribution, research and development expenses, promotion and operating expenses of the mobility services business.

6 LOSS BEFORE TAXATION

Loss before taxation is arrived at after charging/(crediting):

(a) Finance costs

	Years ended December 31,		
	2021	2022	2023
	RMB'000	RMB'000	RMB'000
Interest on loans and other borrowings	119	1,586	1,424
Interest on lease liabilities	<u>1,033</u>	<u>1,054</u>	<u>1,191</u>
	<u>1,152</u>	<u>2,640</u>	<u>2,615</u>

(b) Staff costs (including directors' emoluments)

	Years ended December 31,		
	2021	2022	2023
	RMB'000	RMB'000	RMB'000
Salaries, allowances and other benefits	116,634	152,892	172,584
Contributions to defined contribution retirement plan (i)	7,775	10,627	12,460
Equity-settled share-based payments	16,009	33,166	26,386
	<u>140,418</u>	<u>196,685</u>	<u>211,430</u>

Note:

- (i) Employees of the Group are required to participate in a defined contribution retirement scheme administered and operated by the local municipal government. The Group contributes funds which are calculated on certain percentages of the employee salary as agreed by the local municipal government to the scheme to fund the retirement benefits of the employees.

The Group has no other material obligations for payments of retirement benefits associated with the scheme beyond the annual contributions described above.

(c) Other items

	Years ended December 31,		
	2021	2022	2023
	RMB'000	RMB'000	RMB'000
Amortization of intangible assets (note 13)	<u>626</u>	<u>2,007</u>	<u>5,109</u>
Depreciation			
– property, plant and equipment (note 11)	6,628	11,419	18,669
– right-of-use assets (note 12)	<u>7,314</u>	<u>9,339</u>	<u>11,423</u>
	<u>13,942</u>	<u>20,758</u>	<u>30,092</u>
Losses on disposal of property, plant and equipment	3,324	–	–
Exchange losses	–	–	3,413
Research and development costs (i)	116,623	105,401	118,943
Cost of inventories (note 16)	1,775	109,246	306,165
Listing expenses	–	–	28,866

Note:

- (i) During the years ended December 31, 2021, 2022 and 2023, research and development expenses include staff costs, amortization and depreciation expenses of RMB42,976,000, RMB70,087,000 and RMB92,880,000 in total, respectively, which amounts are also included in the respective total amounts disclosed separately above.

7 INCOME TAX IN THE CONSOLIDATED STATEMENT OF PROFIT OR LOSS

(a) Reconciliation between tax expense and accounting loss at applicable tax rates:

	Years ended December 31,		
	2021 RMB'000	2022 RMB'000	2023 RMB'000
Loss before taxation	684,627	626,783	692,794
Notional tax on loss before taxation, calculated at the rates applicable to profits in the jurisdictions concerned	171,157	141,418	144,627
Tax effect of non-deductible expenses (v)	(23,670)	(5,775)	(1,197)
Tax effect of non-taxable income	233	4,568	–
Tax effect of additional deduction on research and development costs (iv)	19,133	20,462	28,493
Effect of tax losses and temporary differences not recognized	(167,008)	(160,834)	(172,089)
Others	155	161	166
Actual tax expenses	–	–	–

Notes:

- (i) Pursuant to the rules and regulations of the Cayman Islands and the BVI, the Group is not subject to any income tax in the Cayman Islands and the BVI.
- (ii) Under the current Hong Kong Inland Revenue Ordinance, the Company's Hong Kong subsidiary is subject to Hong Kong Profits Tax at the rate of 16.5% on its taxable income generated from the operations in Hong Kong. A two-tiered profits tax rates regime was introduced in 2018 where the first HKD2 million of assessable profits earned by a company will be taxed at half of the current tax rate (8.25%) whilst the remaining profits will continue to be taxed at 16.5%.
- (iii) Under the PRC Income Tax Law, the Group's subsidiaries in the PRC are subject to the PRC statutory income tax rate of 25%.
- (iv) Prior to October 2022, an additional 75% of qualified research and development expenses incurred is allowed to be deducted from taxable income under the PRC Income Tax Law and relevant regulations. Starting from October 2022, the additional deduction ratio was increased to 100%.
- (v) Tax effect of non-deductible expenses for the year ended December 31, 2021 mainly included the tax effect of driver costs without valid invoices for tax deduction.

(b) Deferred tax assets not recognized

Deferred tax assets have not been recognized in respect of the following items, because it is not probable that future taxable profit against which the losses can be utilized will be available in the relevant tax jurisdiction and entity.

	As at December 31,		
	2021 RMB'000	2022 RMB'000	2023 RMB'000
Cumulative tax losses	762,030	1,419,332	2,118,039
Deductible temporary differences	116,665	102,699	92,349
	878,695	1,522,031	2,210,388

Tax losses for which no deferred tax asset was recognized will expire as follows:

	As at December 31,		
	2021	2022	2023
	RMB'000	RMB'000	RMB'000
2024	61,966	61,966	61,966
2025	80,050	80,050	80,050
2026	620,014	620,014	620,014
2027	–	657,302	657,302
2028	–	–	698,707
	<u>762,030</u>	<u>1,419,332</u>	<u>2,118,039</u>

8 DIRECTORS' EMOLUMENTS

Directors' emoluments as recorded in the Historical Financial Information are set out below:

Year ended December 31, 2021								
Note	Directors' fees	Salaries, allowances and other benefits	Discretionary bonuses	Retirement scheme contributions	Sub-Total	Equity-settled share-based payments (note 29)	Total	
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	
Directors								
Mr. Gao Rui	(ii)	–	–	–	–	–	–	
Mr. Jiang Hua	(ii)	–	1,618	1,096	36	2,750	1,745	4,495
Mr. Yuan Feng	(iii)	–	–	–	–	–	–	
Mr. Gu Huinan	(ii)	–	–	–	–	–	–	
Mr. Liu Zhiyun	(iii)	–	1,622	1,298	39	2,959	1,428	4,387
Mr. Zhan Weibiao	(iii)	–	–	–	–	–	–	
Mr. Zhong Xiangping	(ii)	–	–	–	–	–	–	
Total		–	3,240	2,394	75	5,709	3,173	8,882

Year ended December 31, 2022								
Note	Directors' fees	Salaries, allowances and other benefits	Discretionary bonuses	Retirement scheme contributions	Sub-Total	Equity-settled share-based payments (note 29)	Total	
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	
Directors								
Mr. Gao Rui	(ii)	–	–	–	–	–	–	
Mr. Jiang Hua	(ii)	–	1,622	1,587	42	3,251	4,421	7,672
Mr. Yuan Feng	(iii)	–	–	–	–	–	–	
Mr. Gu Huinan	(ii)	–	–	–	–	–	–	
Mr. Liu Zhiyun	(iii)	–	205	–	7	212	–	212
Mr. Zhan Weibiao	(iii)	–	–	–	–	–	–	
Mr. Zhong Xiangping	(ii)	–	–	–	–	–	–	
Total		–	1,827	1,587	49	3,463	4,421	7,884

Year ended December 31, 2023

		Directors' fees	Salaries, allowances and other benefits	Discretionary bonuses	Retirement scheme contributions	Sub-Total	Equity-settled share-based payments (note 29)	Total
	Note	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Directors								
Mr. Jiang Hua	(ii)	-	1,595	1,195	43	2,833	3,094	5,927
Mr. Gao Rui	(ii)	-	-	-	-	-	-	-
Mr. Yuan Feng	(iii)	-	-	-	-	-	-	-
Mr. Gu Huinan	(ii) (v)	-	-	-	-	-	-	-
Mr. Liu Zhiyun	(iii)	-	-	-	-	-	-	-
Mr. Zhan Weibiao	(iii)	-	-	-	-	-	-	-
Mr. Liang Weiqiang	(ii)	-	-	-	-	-	-	-
Mr. Zhong Xiangping	(ii)	-	-	-	-	-	-	-
Ms. Bai Hui	(ii)	-	-	-	-	-	-	-
Total		-	1,595	1,195	43	2,833	3,094	5,927

Notes:

- (i) During the Relevant Periods, save for the compensation paid to a director for the loss of office as a senior management of the Group in February 2022 in the amount of RMB101,358, there was no amount paid or payable by the Group to the directors or any of the five highest paid individuals as set out in note 9 below as an inducement to join or upon joining the Group or as compensation for loss of office. There was no arrangement under which a director has waived or agreed to waive any remuneration during the Relevant Periods.
- (ii) In August 2023, Mr. Jiang Hua was re-designated as an executive director of the Company and Mr. Gao Rui, Mr. Gu Huinan and Mr. Zhong Xiangping were re-designated as non-executive directors of the Company. In addition, Mr. Liang Weiqiang and Ms. Bai Hui were appointed as non-executive directors of the Company.
- (iii) In August 2023, Mr. Yuan Feng, Mr. Liu Zhiyun and Mr. Zhan Weibiao resigned as directors of the Company.
- (iv) Mr. Zhang Junyi, Mr. Zhang Senquan and Mr. Li Maoxiang were appointed as independent non-executive directors of the Company in August 2023, with effect from the date of prospectus in connection with the listing of the Company's shares on the Stock Exchange of Hong Kong Limited.
- (v) In March 2024, Mr. Gu Huinan resigned as a non-executive director of the Company and Ms. Xiao Yan was appointed as a non-executive director of the Company.

9 INDIVIDUALS WITH HIGHEST EMOLUMENTS

During the years ended December 31, 2021, 2022 and 2023, of the five individuals with the highest emoluments, 2, 1 and 1 are directors whose emoluments are disclosed in note 8.

The aggregate of the emoluments in respect of the other 3, 4, and 4 individuals are as follows:

	Years ended December 31,		
	2021	2022	2023
	RMB'000	RMB'000	RMB'000
Salaries, allowances and other benefits	4,028	5,638	5,396
Discretionary bonuses	4,156	4,111	4,799
Retirement scheme contributions	125	184	213
Equity-settled share-based payments	3,331	10,584	7,426
	<u>11,640</u>	<u>20,517</u>	<u>17,834</u>

The emoluments of the above individuals with the highest emoluments are within the following bands:

	Years ended December 31,		
	2021	2022	2023
	Number of individuals	Number of individuals	Number of individuals
HK\$3,000,001 to HK\$3,500,000	2	–	–
HK\$3,500,001 to HK\$4,000,000	–	–	2
HK\$4,000,001 to HK\$4,500,000	–	1	–
HK\$4,500,001 to HK\$5,000,000	–	–	1
HK\$5,000,001 to HK\$5,500,000	–	2	–
HK\$7,000,001 to HK\$7,500,000	1	–	–
HK\$7,500,001 to HK\$8,000,000	–	–	1
HK\$9,500,001 to HK\$10,000,000	–	1	–
	<u>3</u>	<u>4</u>	<u>4</u>

10 LOSS PER SHARE

(a) Basic loss per share

The calculation of basic loss per share has been based on the loss attributable to ordinary shareholders of the Company of RMB684,627,000, RMB626,783,000 and RMB692,490,000 respectively and the weighted-average number of ordinary shares of 90,000,000 in issue for each of the years in Relevant Periods.

Loss used to determine basic loss per share were calculated as follows:

	Years ended December 31,		
	2021	2022	2023
Loss attributable to ordinary shareholders of the Company	684,627,000	626,783,000	692,794,000
Less:			
Allocation of loss attributable to holders of unvested restricted stock	–	–	(304,000)
Loss used to determine basic loss per share	<u>684,627,000</u>	<u>626,783,000</u>	<u>692,490,000</u>

Restricted stock of the Company is entitled to dividends once it is subscribed and paid under the share incentive plan. During the year ended December 31, 2023, 190,000 restricted stocks were subscribed and paid, but remained unvested as of December 31, 2023. For the purpose of calculating basic loss per share, the numerator is thus adjusted for the loss attributable to these unvested restricted stocks.

For the purpose of calculating basic loss per share, the denominator did not include the 10,000,000 nil-paid shares issued and reserved for share incentive plan purpose for the years ended December 31, 2021 and 2022. For the year ended December 31, 2023, the denominator did not include the 9,810,000 nil-paid shares issued and reserved for share incentive plan purpose, and the 190,000 subscribed but unvested restricted stocks.

(b) Diluted loss per share

Diluted loss per share is calculated by adjusting the weighted average number of ordinary shares in issue to assume conversion of all potential dilutive ordinary shares.

The Group had potential dilutive shares during the years ended December 31, 2021, 2022 and 2023 including the options, restricted share units and restricted stocks issued under the share incentive plans (see note 29), the warrants and convertible redeemable preferred shares. As the Group incurred losses during these periods, the effect of these potential dilutive shares would be anti-dilutive. Therefore, there was no difference between the basic and diluted loss per share during the years ended December 31, 2021, 2022 and 2023.

11 PROPERTY, PLANT AND EQUIPMENT

	Leasehold improvements <i>RMB'000</i>	Office equipment and furniture <i>RMB'000</i>	Operating equipment <i>RMB'000</i>	Vehicles <i>RMB'000</i>	Construction in progress <i>RMB'000</i>	Total <i>RMB'000</i>
Cost:						
At January 1, 2021	12,157	9,211	–	–	–	21,368
Additions	717	9,771	10,716	–	–	21,204
Disposals	(4,909)	–	–	–	–	(4,909)
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
At December 31, 2021 and January 1, 2022	7,965	18,982	10,716	–	–	37,663
Additions	5,661	3,435	2,212	–	–	11,308
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
At December 31, 2022 and January 1, 2023	13,626	22,417	12,928	–	–	48,971
Additions	366	4,296	1,464	42,924	5,212	54,262
Disposals	–	(29)	–	–	–	(29)
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
At December 31, 2023	13,992	26,684	14,392	42,924	5,212	103,204
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Accumulated depreciation:						
At January 1, 2021	3,102	1,236	–	–	–	4,338
Charge for the year	2,136	2,407	2,085	–	–	6,628
Written back on disposals	(1,585)	–	–	–	–	(1,585)
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
At December 31, 2021 and January 1, 2022	3,653	3,643	2,085	–	–	9,381
Charge for the year	3,407	4,129	3,883	–	–	11,419
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>

	Leasehold improvements <i>RMB'000</i>	Office equipment and furniture <i>RMB'000</i>	Operating equipment <i>RMB'000</i>	Vehicles <i>RMB'000</i>	Construction in progress <i>RMB'000</i>	Total <i>RMB'000</i>
At December 31, 2022 and January 1, 2023	7,060	7,772	5,968	–	–	20,800
Charge for the year	3,894	4,915	4,514	5,346	–	18,669
Written back on disposals	–	(17)	–	–	–	(17)
At December 31, 2023	<u>10,954</u>	<u>12,670</u>	<u>10,482</u>	<u>5,346</u>	<u>–</u>	<u>39,452</u>
Net book value:						
At December 31, 2023	<u>3,038</u>	<u>14,014</u>	<u>3,910</u>	<u>37,578</u>	<u>5,212</u>	<u>63,752</u>
At December 31, 2022	<u>6,566</u>	<u>14,645</u>	<u>6,960</u>	<u>–</u>	<u>–</u>	<u>28,171</u>
At December 31, 2021	<u>4,312</u>	<u>15,339</u>	<u>8,631</u>	<u>–</u>	<u>–</u>	<u>28,282</u>

12 RIGHT-OF-USE ASSETS

	Properties <i>RMB'000</i>	Vehicles <i>RMB'000</i>	Total <i>RMB'000</i>
Cost:			
At January 1, 2021	31,329	–	31,329
Additions	10,660	–	10,660
Derecognition	<u>(2,218)</u>	<u>–</u>	<u>(2,218)</u>
At December 31, 2021 and January 1, 2022	39,771	–	39,771
Additions	<u>2,263</u>	<u>–</u>	<u>2,263</u>
At December 31, 2022 and January 1, 2023	42,034	–	42,034
Additions	<u>11,717</u>	<u>29,982</u>	<u>41,699</u>
At December 31, 2023	<u>53,751</u>	<u>29,982</u>	<u>83,733</u>
Accumulated depreciation:			
At January 1, 2021	12,430	–	12,430
Charge for the year	7,314	–	7,314
Derecognition	<u>(2,218)</u>	<u>–</u>	<u>(2,218)</u>
At December 31, 2021 and January 1, 2022	17,526	–	17,526
Charge for the year	<u>9,339</u>	<u>–</u>	<u>9,339</u>
At December 31, 2022 and January 1, 2023	26,865	–	26,865
Charge for the year	<u>10,924</u>	<u>499</u>	<u>11,423</u>
At December 31, 2023	<u>37,789</u>	<u>499</u>	<u>38,288</u>

	Properties <i>RMB'000</i>	Vehicles <i>RMB'000</i>	Total <i>RMB'000</i>
Net book value:			
At December 31, 2023	15,962	29,483	45,445
At December 31, 2022	15,169	–	15,169
At December 31, 2021	22,245	–	22,245

The Group has obtained the right to use properties as its offices space, auto service center and parking lot, through tenancy agreements. The leases of offices space typically run for a period of two to five years; leases of auto service center and parking lot run for five years.

During the year ended December 31, 2023, the Group entered into an autonomous driving service agreement and acquired the right to use vehicles for a period of eight years.

The analysis of expense items in relation to leases recognized in profit or loss is as follows:

	Years ended December 31,		
	2021	2022	2023
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Depreciation charge of right-of-use assets by class of underlying asset:			
Properties	7,314	9,339	10,924
Vehicles	–	–	499
	<u>7,314</u>	<u>9,339</u>	<u>11,423</u>
Interest on lease liabilities (<i>note 6(a)</i>)	1,033	1,054	1,191
Expense relating to short-term leases	1,369	992	1,107
COVID-19-related rent concessions received	(1,833)	(3,667)	–

Details of total cash outflow for leases and the maturity analysis of lease liabilities are set out in notes 20(d) and 25, respectively.

13 INTANGIBLE ASSETS

	Software <i>RMB'000</i>
Cost:	
At January 1, 2021	1,622
Additions	<u>3,582</u>
At December 31, 2021 and January 1, 2022	5,204
Additions	<u>9,248</u>
At December 31, 2022 and January 1, 2023	14,452
Additions	<u>22,725</u>
At December 31, 2023	----- 37,177

	Software <i>RMB'000</i>
Accumulated depreciation:	
At January 1, 2021	132
Charge for the year	626
	<hr/>
At December 31, 2021 and January 1, 2022	758
Charge for the year	2,007
	<hr/>
At December 31, 2022 and January 1, 2023	2,765
Charge for the year	5,109
	<hr/>
At December 31, 2023	7,874
	<hr style="border-top: 1px dashed black;"/>
Net book value:	
At December 31, 2023	29,303
	<hr style="border-top: 3px double black;"/>
At December 31, 2022	11,687
	<hr style="border-top: 3px double black;"/>
At December 31, 2021	4,446
	<hr style="border-top: 3px double black;"/>

14 OTHER NON-CURRENT ASSETS

	As at December 31,		
	2021	2022	2023
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Prepayments for property, plant and equipment and intangible assets	2,672	25,763	1,600
Prepayments for autonomous driving technology services	–	3,047	4,886
Others	597	771	2,288
	<hr/>	<hr/>	<hr/>
	3,269	29,581	8,774
	<hr style="border-top: 3px double black;"/>	<hr style="border-top: 3px double black;"/>	<hr style="border-top: 3px double black;"/>

15 INTERESTS IN SUBSIDIARIES

The carrying amount of interests in subsidiaries in the Company's statements of financial position is listed below:

	As at December 31,		
	2021	2022	2023
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Investments in subsidiaries, at cost (i)	835,865	913,070	1,930,473
Deemed investments arising from share-based transactions	15,088	45,603	70,432
	<hr/>	<hr/>	<hr/>
	850,953	958,673	2,000,905
	<hr style="border-top: 3px double black;"/>	<hr style="border-top: 3px double black;"/>	<hr style="border-top: 3px double black;"/>

Note:

- (i) Details of the subsidiaries are set out in note 1.3.

16 INVENTORIES

	As at December 31,		
	2021	2022	2023
	RMB'000	RMB'000	RMB'000
Vehicles	–	6,898	17,947
Spare parts	–	244	364
	<u>–</u>	<u>7,142</u>	<u>18,311</u>

The analysis of the amount of inventories recognized as an expense and included in consolidated statements of profit or loss is as follows:

	Years ended December 31,		
	2021	2022	2023
	RMB'000	RMB'000	RMB'000
Carrying amount of inventories sold	<u>1,775</u>	<u>109,246</u>	<u>306,165</u>

17 TRADE RECEIVABLES

	As at December 31,		
	2021	2022	2023
	RMB'000	RMB'000	RMB'000
Trade receivables	<u>5,913</u>	<u>14,261</u>	<u>20,044</u>

All of the trade receivables are expected to be recovered within one year.

Aging analysis

As of the end of each reporting period, the aging analysis of trade receivables, based on the invoice date and net of loss allowance, is as follows:

	As at December 31,		
	2021	2022	2023
	RMB'000	RMB'000	RMB'000
0 to 30 days	3,821	6,465	12,798
31 to 60 days	1,089	2,154	4,660
61 to 180 days	723	5,628	2,000
over 180 days	<u>280</u>	<u>14</u>	<u>586</u>
	<u>5,913</u>	<u>14,261</u>	<u>20,044</u>

The Group grants credit period to its customers for different revenue streams. Further details on the Group's credit policy and credit risk arising from trade receivables are set out in note 31(a).

18 PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

The Group

	As at December 31,		
	2021	2022	2023
	RMB'000	RMB'000	RMB'000
Prepayments	2,417	81,461	62,869
Value-added tax recoverable	411	6,123	12,048
Deposits	3,328	4,169	6,895
Receivables due from on-line payment platforms	4,542	3,616	6,415
Receivables of ride service fees due from third-party mobility service platforms which collected on the Group's behalf	7,764	10,031	17,087
Receivables of purchase rebates due from vehicle suppliers	–	–	17,675
Others	158	1,476	1,560
	<u>18,620</u>	<u>106,876</u>	<u>124,549</u>

Prepayments as at December 31, 2022 and 2023 mainly comprised advance payments for purchase of vehicles.

The Company

	As at December 31,		
	2021	2022	2023
	RMB'000	RMB'000	RMB'000
Prepayments for listing expenses	–	–	4,823
Others	–	–	10
	<u>–</u>	<u>–</u>	<u>4,833</u>

19 RESTRICTED CASH

	As at December 31,		
	2021	2022	2023
	RMB'000	RMB'000	RMB'000
Restricted cash	<u>18,725</u>	<u>987</u>	<u>–</u>

Restricted cash represented cash held in an escrow bank account in the PRC with designated usage for qualified payments under a government subsidy program.

20 CASH AND CASH EQUIVALENTS**(a) Cash and cash equivalents comprise:***The Group*

	As at December 31,		
	2021	2022	2023
	RMB'000	RMB'000	RMB'000
Cash at bank	86,981	553,666	612,858

The Company

	As at December 31,		
	2021	2022	2023
	RMB'000	RMB'000	RMB'000
Cash at bank	2	238,638	20,252

(b) Reconciliation of loss before taxation to cash used in operations:

	Years ended December 31,		
	2021	2022	2023
	RMB'000	RMB'000	RMB'000
Loss before taxation	(684,627)	(626,783)	(692,794)
Adjustments for:			
Depreciation	13,942	20,758	30,092
Amortization	626	2,007	5,109
Equity-settled share-based payments	16,009	33,166	26,386
Finance costs	1,152	2,640	2,615
Gain on confiscation of investor's lock-in amounts	–	–	(1,250)
Changes in carrying amount of convertible redeemable preferred shares	–	10,407	64,502
Changes in carrying amount of other financial liabilities issued to investors	–	52,097	31,824
Interest income on bank deposits	(10,758)	(12,502)	(14,574)
Exchange losses	–	–	3,413
Loss arising from disposals of property, plant and equipment	3,324	–	–
	(660,332)	(518,210)	(544,677)

	Years ended December 31,		
	2021	2022	2023
	RMB'000	RMB'000	RMB'000
Changes in working capital:			
Decrease/(increase) in inventories	12	(7,142)	(11,169)
Decrease/(increase) in trade receivables	2,825	(8,348)	(5,783)
Increase in prepayments, deposits and other receivables	(4,864)	(91,719)	(9,056)
Decrease in restricted cash	12,672	17,738	987
Increase in contract liabilities	802	848	697
Increase in trade and bills payables	31,860	5,225	20,098
Increase/(decrease) in accruals and other payables	174,980	(45,938)	(34,224)
Decrease in deferred income	(931)	(18,273)	–
Cash used in operations	<u>(442,976)</u>	<u>(665,819)</u>	<u>(583,127)</u>

(c) Reconciliation of liabilities arising from financing activities

	Loans and borrowings	Lease liabilities	Total
	RMB'000	RMB'000	RMB'000
	(note 23)	(note 25)	
At January 1, 2021	–	21,896	21,896
Changes from financing cash flows:			
Proceeds from loans and borrowings	10,000	–	10,000
Capital element of rental paid	–	(4,166)	(4,166)
Interest element of rental paid	–	(1,033)	(1,033)
Interest paid	(119)	–	(119)
Total changes from financing cash flows	<u>9,881</u>	<u>(5,199)</u>	<u>4,682</u>
Other changes:			
Interest expenses (note 6(a))	119	1,033	1,152
Increase in lease liabilities from entering into new leases during the year	–	7,940	7,940
Total other changes	<u>119</u>	<u>8,973</u>	<u>9,092</u>
At December 31, 2021	<u>10,000</u>	<u>25,670</u>	<u>35,670</u>

	Convertible redeemable preferred shares <i>RMB'000</i> <i>(note 26)</i>	Other financial liabilities issued to investors <i>RMB'000</i> <i>(note 27)</i>	Advance payments from investors <i>RMB'000</i>	Loans and borrowings <i>RMB'000</i> <i>(note 23)</i>	Lease liabilities <i>RMB'000</i> <i>(note 25)</i>	Total <i>RMB'000</i>
At January 1, 2022	–	–	–	10,000	25,670	35,670
Changes from financing cash flows:						
Proceeds from issuance of Series A convertible redeemable preferred shares	226,249	–	–	–	–	226,249
Proceeds from issuance of other financial liabilities issued to Series A investors	–	667,500	–	–	–	667,500
Proceeds from advance payments from Series B investors	–	–	249,924	–	–	249,924
Proceeds from loans and borrowings	–	–	–	40,000	–	40,000
Repayment of loans and borrowings	–	–	–	(10,000)	–	(10,000)
Capital element of rental paid	–	–	–	–	(9,605)	(9,605)
Interest element of rental paid	–	–	–	–	(1,054)	(1,054)
Interest paid	–	–	–	(1,548)	–	(1,548)
Total changes from financing cash flows	226,249	667,500	249,924	28,452	(10,659)	1,161,466
Other changes:						
Exchange rate difference	11,317	–	–	–	–	11,317
Changes in the carrying amount of convertible redeemable preferred shares	10,407	–	–	–	–	10,407
Changes in the carrying amount of other financial liabilities issued to investors	–	52,097	–	–	–	52,097
Other reserve <i>(note 30(g))</i>	–	7,216	–	–	–	7,216
Interest expenses <i>(note 6(a))</i>	–	–	–	1,586	1,054	2,640
Increase in lease liabilities from entering into new leases during the year	–	–	–	–	1,681	1,681
Total other changes	21,724	59,313	–	1,586	2,735	85,358
At December 31, 2022	247,973	726,813	249,924	40,038	17,746	1,282,494

APPENDIX I

ACCOUNTANTS' REPORT

	Convertible redeemable preferred shares RMB'000 (note 26)	Other financial liabilities issued to investors RMB'000 (note 27)	Advance payments from investors RMB'000	Loans and borrowings RMB'000 (note 23)	Lease liabilities RMB'000 (note 25)	Total RMB'000
At January 1, 2023	247,973	726,813	249,924	40,038	17,746	1,282,494
Changes from financing cash flows:						
Proceeds from issuance of Series A convertible redeemable preferred shares	107,693	–	–	–	–	107,693
Proceeds from exercise of Series A warrants	680,022	–	–	–	–	680,022
Proceeds from issuance of other financial liabilities issued to Series B investors	–	468,600	–	–	–	468,600
Proceeds from advance payments from Series B investors	–	–	125,000	–	–	125,000
Proceeds from loans and borrowings	–	–	–	10,000	–	10,000
Repayment of other financial liabilities to Series A investors	–	(667,500)	–	–	–	(667,500)
Repayment of loans and borrowings	–	–	–	(23,000)	–	(23,000)
Capital element of rental paid	–	–	–	–	(17,522)	(17,522)
Interest element of rental paid	–	–	–	–	(1,191)	(1,191)
Interest paid	–	–	–	(1,429)	–	(1,429)
Total changes from financing cash flows	787,715	(198,900)	125,000	(14,429)	(18,713)	680,673
Other changes:						
Exchange rate difference	8,128	–	–	–	–	8,128
Changes in the carrying amount of convertible redeemable preferred shares	64,502	–	–	–	–	64,502
Reclassification of changes in carrying amount of other financial liabilities issued to investors upon exercise of Series A warrants	65,487	(65,487)	–	–	–	–
Difference between the proceeds from exercise of Series A warrants and repayment of other financial liabilities to investors	(12,522)	–	–	–	–	(12,522)
Reclassification of advance payments from Series B investors upon issuance of other financial liabilities to investors	–	373,674	(373,674)	–	–	–
Changes in the carrying amount of other financial liabilities issued to investors	–	31,824	–	–	–	31,824
Other reserve (note 30(g))	–	20,989	–	–	–	20,989
Interest expenses (note 6(a))	–	–	–	1,424	1,191	2,615
Gain on confiscation of investor's lock-in amounts	–	–	(1,250)	–	–	(1,250)
Increase in lease liabilities from entering into new leases during the year	–	–	–	–	41,699	41,699
Total other changes	125,595	361,000	(374,924)	1,424	42,890	155,985
At December 31, 2023	1,161,283	888,913	–	27,033	41,923	2,119,152

(d) Total cash outflow for leases:

Amounts included in the consolidated statements of cash flows for leases comprise the following:

	Years ended December 31,		
	2021	2022	2023
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Within operating cash flows	1,369	992	1,107
Within financing cash flows	5,199	10,659	18,713
	<u>6,568</u>	<u>11,651</u>	<u>19,820</u>

The amounts related to the following:

	Years ended December 31,		
	2021	2022	2023
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Rental paid	<u>6,568</u>	<u>11,651</u>	<u>19,820</u>

(e) Material non-cash transactions

Non-cash transactions mainly included waiver of payment of promotion expenses and service costs of mobility service platform by a shareholder amounting to RMB2,601,000, RMB1,350,000 and RMB2,563,000 for the years ended December 31, 2021, 2022 and 2023, respectively.

21 TRADE AND BILLS PAYABLES

	As at December 31,		
	2021	2022	2023
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Trade payables	52,845	34,766	78,168
Bills payable	<u>—</u>	<u>23,304</u>	<u>—</u>
	<u>52,845</u>	<u>58,070</u>	<u>78,168</u>

As of the end of each reporting period, the aging analysis of trade and bills payables, based on the invoice date, is as follows:

	As at December 31,		
	2021	2022	2023
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
0 to 30 days	39,752	52,362	65,543
31 to 60 days	8,138	106	213
61 to 90 days	2,137	233	10,820
Over 90 days	<u>2,818</u>	<u>5,369</u>	<u>1,592</u>
	<u>52,845</u>	<u>58,070</u>	<u>78,168</u>

22 ACCRUALS AND OTHER PAYABLES

The Group

	As at December 31,		
	2021 RMB'000	2022 RMB'000	2023 RMB'000
Deposits from platform users	3,146	5,404	4,833
Deposits from enterprise customers	2,634	3,072	2,776
Payables on behalf of end-users	9,670	17,460	10,316
Payables related to promotion and marketing expenses	82,841	36,102	35,446
Payables related to research and development expenses	73,165	48,253	14,976
Payables related to information technology service expenses	11,764	18,924	9,702
Accrued payroll and benefits	19,612	26,970	27,426
Other taxes payable	6,693	1,603	7,267
Advance payments from investors	–	249,924	–
Payables related to listing expenses	–	–	10,720
Others	22,614	16,688	29,581
	<u>232,139</u>	<u>424,400</u>	<u>153,043</u>

The Company

	As at December 31,		
	2021 RMB'000	2022 RMB'000	2023 RMB'000
Payables related to listing expenses	–	–	9,516
Others	–	–	1,238
	<u>–</u>	<u>–</u>	<u>10,754</u>

23 LOANS AND BORROWINGS

The loans and borrowings were as follows:

	As at December 31,		
	2021 RMB'000	2022 RMB'000	2023 RMB'000
Unsecured loans	<u>10,000</u>	<u>40,038</u>	<u>27,033</u>

The loans and borrowings were repayable as follows:

	As at December 31,		
	2021 RMB'000	2022 RMB'000	2023 RMB'000
Within 1 year or on demand	<u>10,000</u>	<u>23,011</u>	<u>14,033</u>
After 1 year but within 2 years	–	4,027	13,000
After 2 years but within 5 years	–	13,000	–
	<u>–</u>	<u>17,027</u>	<u>13,000</u>
	<u>10,000</u>	<u>40,038</u>	<u>27,033</u>

24 CONTRACT LIABILITIES

	As at December 31,		
	2021	2022	2023
	RMB'000	RMB'000	RMB'000
Advance payments received from customers	1,292	2,140	2,837

Contract liabilities mainly represented advance payments for purchase of supplies received from car partners of ride-hailing services, and for purchase of maintenance services received from the customers of fleet sale and maintenance business.

Movements in contract liabilities are set out below:

	As at December 31,		
	2021	2022	2023
	RMB'000	RMB'000	RMB'000
At the beginning of the year	490	1,292	2,140
Decrease in contract liabilities as a result of recognizing revenue during the year that was included in the contract liabilities at the beginning of the year	(490)	(1,292)	(2,140)
Increase in contract liabilities as a result of receiving advance payments from customers during the year	1,292	2,140	2,837
At the end of the year	1,292	2,140	2,837

As at December 31, 2021, 2022 and 2023, all the contract liabilities are expected to be recognized as revenue within one year.

25 LEASE LIABILITIES

The following table shows the remaining contractual maturities of the Group's lease liabilities at the end of each reporting period:

	As at December 31, 2021		As at December 31, 2022		As at December 31, 2023	
	Present value of the minimum lease payments	Total minimum lease payments	Present value of the minimum lease payments	Total minimum lease payments	Present value of the minimum lease payments	Total minimum lease payments
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Within 1 year	9,854	10,868	11,535	12,131	31,007	31,789
After 1 year but within 2 years	10,707	11,233	4,698	6,823	3,807	4,139
After 2 years but within 5 years	5,109	5,423	1,513	1,566	7,109	7,554
	15,816	16,656	6,211	8,389	10,916	11,693
	25,670	27,524	17,746	20,520	41,923	43,482
Less: total future interest expenses		(1,854)		(2,774)		(1,559)
Present value of lease liabilities		25,670		17,746		41,923

26 CONVERTIBLE REDEEMABLE PREFERRED SHARES

During the years ended December 31, 2022 and 2023, the Company has entered into Series A financing agreements with several Series A investors, pursuant to which Series A convertible redeemable preferred shares ("Preferred Shares") were issued as follows:

	Number of shares	Issue price per share
Opening as at January 1, 2022	–	
Issuance of Series A Preferred Shares	<u>10,662,966</u>	USD3.194
Outstanding as at December 31, 2022	----- 10,662,966	
Issuance of Series A Preferred Shares	4,696,306	USD3.194
Conversion from other financial liabilities issued to investors (i)	<u>32,915,263</u>	USD3.194
Outstanding as at December 31, 2023	<u><u>48,274,535</u></u>	

Note:

- (i) As detailed in note 27(a), during the year ended December 31, 2022, the Company issued certain warrants to Series A warrant investors which give them the right to subscribe for Series A Preferred Shares upon completion of certain specified events. During the year ended December 31, 2023, upon completion of specified events, the Series A warrant investors exercised their warrants to subscribe for Series A Preferred Shares of the Company pursuant to the terms of such warrants.

The key terms of Series A Preferred Shares are summarized as follows:

Conversion rights

The Series A Preferred Shares shall be convertible, at the option of the holder thereof and at any time after the issue date of Preferred Shares and subject to the vote or written consent of the holders who hold more than 50% of the voting power of the then outstanding Series A Preferred Shares, or automatically converted upon the closing of a qualified initial public offering ("IPO"), into such number of fully-paid and non-assessable ordinary shares based on the then-effective conversion price, without the payment of any additional consideration.

Redemption rights

The holders of Series A Preferred Shares may require the Company to redeem any or all of the Series A Preferred Shares held by them at any time after the occurrence of any of the following triggering events and as approved by the holders who hold at least 30% of the voting power of the outstanding Series A Preferred Shares:

- (1) a qualified IPO has not been consummated on or prior to the fifth anniversary of the issue date with respect to the relevant Series A Preferred Shares;
- (2) the Company has a material breach prior to the qualified IPO. A material breach means an incurable breach of the Company which results in material impediment to a qualified IPO; or
- (3) the Company does not consummate its next round of equity financing within 24 months from the issue date with respect to the relevant Series A Preferred Shares.

The redemption price shall be equal to the sum of the issue price of the Series A Preferred Shares plus a simple interest of 8% per annum calculated from the issue date (inclusive) of the relevant Series A Preferred Shares to the date of the written redemption notice (inclusive).

Liquidation preferences

In the event of any liquidation, dissolution or winding up of the Company, whether voluntary or involuntary, all assets and funds of the Company legally available for distribution to the shareholders of the Company shall be distributed in the following sequence:

- (i) first, the holders of Series A Preferred Shares shall be entitled to receive the amount equal to the issue price, plus a simple interest of 8% per annum calculated from the issue date (inclusive) of the relevant Series A Preferred Shares to the date of such distribution (inclusive), plus all declared but unpaid dividends on such Series A Preferred Shares, if any; and
- (ii) the remaining assets and funds of the Company available for distribution shall be distributed ratably among ordinary shareholders on a pro-rata basis.

Upon occurrence of any deemed liquidation events, unless waived by the holders who hold more than 50% of the voting power of the then outstanding Series A Preferred Shares, any proceeds resulting from the deemed liquidation events shall be distributed in the same way as described above. Deemed liquidation events include:

- (i) any consolidation, amalgamation, scheme of arrangement or merger of the Company with or into any other party in which the shareholders immediately prior to such transaction own less than 50% of the surviving entity's voting power in the aggregate immediately after such transaction, or any transaction or series of related transactions to which the Company is a party in which in excess of 50% of the Company's voting power is transferred; or
- (ii) a sale, transfer, lease or other disposition of all or substantially all of the assets of the Group, whether in a single transaction or a series of related transactions.

Dividend rights

The holders of Series A Preferred Shares are entitled to discretionary dividends as and when declared by the board, on an as-if converted basis.

The movements of the financial liabilities arising from the Preferred Shares during the Relevant Periods are as follows:

	Amount <i>RMB'000</i>
At January 1, 2022	–
Issuance of Series A Preferred Shares	226,249
Changes in carrying amount	10,407
Exchange differences	11,317
	<hr/>
At December 31, 2022 and January 1, 2023	247,973
Issuance of Series A Preferred Shares	107,693
Conversion from other financial liabilities issued to investors (<i>note 27(a)</i>)	732,987
Changes in carrying amount	64,502
Exchange differences	8,128
	<hr/>
At December 31, 2023	<u><u>1,161,283</u></u>

27 OTHER FINANCIAL LIABILITIES ISSUED TO INVESTORS

(a) Series A financing

During the year ended December 31, 2022, the Company has entered into Series A financing agreements with several Series A investors, pursuant to which warrants were issued to these investors, which give them the right to subscribe for the Series A Preferred Shares of the Company. Some of these investors are subject to the overseas direct investment registration (“ODI registration”) requirements imposed by the PRC government. In connection with the issuance of the Series A warrants, these investors simultaneously provided onshore loans to a subsidiary of the Group in the PRC. Upon the completion of certain specified events including the ODI registration, the subsidiary of the Group shall repay the loans to the investors and the investors shall exercise the warrants to subscribe for relevant Series A Preferred Shares of the Company.

Details of the Series A warrants and related loans issued as at December 31, 2022 are as follows:

	Exercise period	Date of issuance	Number of instruments	Exercise price per convertible redeemable preferred shares	Principal of related loans <i>RMB'000</i>
Series A-1 warrants and related loans	Within 12 months from the date of issuance	March 18, 2022	Warrants to subscribe for Series A preferred shares: 24,655,628	USD3.194	500,000
Series A-2 warrants and related loans	Within 12 months from the date of issuance	June 30, 2022	Warrants to subscribe for Series A preferred shares: 8,259,635	USD3.194	167,500
					667,500

The Series A warrants have an exercise period of 12 months and the related loans have an original maturity of 12 months. The principal of related loans provided is the same as the exercise price of the Series A warrants, which is based on the issue price of the relevant Series A Preferred Shares.

If the ODI registration approval is obtained before maturity, the Group shall repay the principal of related loans without interest to the investors. If the ODI approval is not obtained before maturity and if the parties fail to reach any agreement to extend the maturity, the Group shall repay the principal of related loans plus an interest based on market loan interest rate accruing from loan issuance date to the repayment date.

In addition, upon occurrence of any triggering events for redemption or any deemed liquidation events (as set out in note 26), the holders of Series A warrants may require the Group to repay the principal of related loans plus an interest of 8% per annum accruing from loan issuance date to the repayment date.

During the year ended December 31, 2023, upon completion of the specified events including the ODI registration, the investors exercised all the Series A warrants to subscribe for an aggregate of 32,915,263 Series A Preferred Shares of the Company. Simultaneously, the Group fully repaid the related loans to these investors.

(b) Series B financing

During the years ended December 31, 2022 and 2023, the Company has entered into a series of financing agreements with several Series B investors, pursuant to which warrants were issued on August 14, 2023 to these investors, which give them the right to subscribe for the Series B Preferred Shares of the Company. These investors are subject to the ODI registration requirements imposed by the PRC government. In connection with the issuance of the Series B warrants, these investors simultaneously provided onshore loans to a subsidiary of the Group in the PRC. Upon the completion of certain specified events including the ODI registration, the subsidiary of the Group shall repay the loans to the investors and the investors shall exercise the warrants to subscribe for relevant Series B Preferred Shares of the Company.

Prior to issuance of the Series B warrants on August 14, 2023, some of the Series B investors have prepaid lock-in amounts in connection with the investments to a subsidiary of the Group in the PRC, amongst which, RMB373,674,000 of lock-in amounts were converted into the onshore loans provided to the Group upon issuance of relevant Series B warrants.

Details of the Series B warrants and related loans issued as at December 31, 2023 are as follows:

	Exercise period	Date of issuance	Number of instruments	Exercise price per convertible redeemable preferred shares	Principal of related loans <i>RMB'000</i>
Series B warrants and related loans	Within 12 months from the date of issuance	August 14, 2023	Warrants to subscribe for Series B preferred shares: 27,669,969	RMB30.44	842,274

The Series B warrants have an exercise period of 12 months and the related loans have an original maturity of 12 months. The principal of related loans provided is the same as the exercise price of the Series B warrants.

If the ODI registration approval is obtained, the Group shall repay the principal of related loans without interest to the investors.

In addition, upon occurrence of any redemption triggering events or any deemed liquidation events as set out below, the holders of Series B warrants may require the Group to repay the principal of related loans plus an interest of 8% per annum accruing from the date of payment of related lock-in amounts or loans to the repayment date.

Redemption triggering events include:

- (1) a qualified IPO has not been consummated on or prior to the fifth anniversary of the issue date with respect to the relevant preferred shareholder or warrant holder; or
- (2) the Company has a material breach prior to the qualified IPO. A material breach means an incurable breach of the Company which results in material impediment to a qualified IPO.

Deemed liquidation events include:

- (1) any consolidation, amalgamation, scheme of arrangement or merger of the Company with or into any other party in which the shareholders immediately prior to such transaction own less than 50% of the surviving entity's voting power in the aggregate immediately after such transaction, or any transaction or series of related transactions to which the Company is a party in which in excess of 50% of the Company's voting power is transferred; or
- (2) a sale, transfer, lease or other disposition of all or substantially all of the assets of the Group, whether in a single transaction or a series of related transactions.

As of December 31, 2023, the Series B warrants have not been exercised.

(c) Recognition of the warrants and related loans issued in Series A and Series B financing**The Group**

In accordance with the accounting policy as set out in note 2(o), the Group accounted for the warrants and related loans issued to investors as a single financial instrument. The warrants and related loans are measured at the present value of the redemption amount, which is the higher of: 1) the present value of the redemption amount if ODI registration approval is obtained before maturity; 2) the present value of the redemption amount if ODI registration approval is not obtained before maturity; and 3) the present value of redemption amount upon the occurrence of redemption triggering events or deemed liquidation events.

The movements of warrants and related loans during the Relevant Periods are set out as below:

	<i>RMB'000</i>
At January 1, 2022	–
Issuance of warrants and related loans to Series A investors ^(*)	674,716
Changes in carrying amount	<u>52,097</u>
At December 31, 2022 and January 1, 2023	726,813
Exercise of warrants and conversion into Series A Preferred Shares (<i>note 26</i>)	(732,987)
Issuance of warrants and related loans to Series B investors ^(*)	863,263
Changes in carrying amount	<u>31,824</u>
At December 31, 2023	<u><u>888,913</u></u>

Note:

- * On initial recognition of the Series A and Series B warrants and related loans, the respective difference of RMB7,216,000 and RMB20,989,000 between the present value of the redemption amount and the principal of related loans was debited to other reserve during the years ended December 31, 2022 and 2023, respectively (see note 30(g)(i)).

The Company

In accordance with the accounting policy as set out in notes 2(o) and 2(d), the Company accounted for the warrants issued to investors as derivative liabilities measured at FVPL in the Company's financial statements.

The movements of the warrants during the Relevant Periods are set out as below:

	<i>RMB'000</i>
At January 1, 2022	–
Issuance of warrants to Series A investors	–
Changes in fair value	214,252
Exchange differences	<u>7,597</u>
At December 31, 2022 and January 1, 2023	221,849
Exercise of Series A warrants	(221,849)
Issuance of warrants to Series B investors	–
Changes in fair value	<u>14,665</u>
At December 31, 2023	<u><u>14,665</u></u>

The fair value of the warrants was determined with the assistance of an independent third-party valuation firm, Guangdong Excellence Real Estate Appraisal & Consulting Co., Ltd. (“Guangdong Excellence”).

As the warrant contracts stipulate that the investors must exercise the option once the ODI registration approval is obtained, which has been fulfilled at the valuation points, the warrants are treated as forward contracts, and no-arbitrage pricing principle is used to estimate the forward prices of the shares, which is in part based on the equity value of the Company estimated using the income approach. Key assumptions are set out as below:

	As at December 31, 2022 <i>Series A warrants</i>	As at December 31, 2023 <i>Series B warrants</i>
Discount rate	14.31%	13.93%
Risk-free interest rate	2.88%	2.66%
Discount for lack of marketability	8.32%	4.93%

28 DEFERRED INCOME

	As at December 31, 2021		
	Amounts		
	Balance at the beginning of the year <i>RMB'000</i>	recognized in other income during the year <i>RMB'000</i>	Balance at the end of the year <i>RMB'000</i>
Government grants	19,204	(931)	18,273

	As at December 31, 2022		
	Amounts		
	Balance at the beginning of the year <i>RMB'000</i>	recognized in other income during the year <i>RMB'000</i>	Balance at the end of the year <i>RMB'000</i>
Government grants	18,273	(18,273)	–

As at December 31, 2021 and 2022, deferred income represented government grants received from local government authorities in Guangzhou, the PRC, for subsidizing promotion and operation expenses of certain subsidiaries of the Group. Government grants received were initially recognized in the consolidated statements of financial position as deferred income and were subsequently recognized as other income when relevant conditions were met.

29 EQUITY-SETTLED SHARE-BASED TRANSACTIONS

On July 14, 2021, a Pre-IPO share incentive plan was approved by the shareholders and board of directors of the Company (the “Pre-IPO Share Incentive Plan”). Under the Pre-IPO Share Incentive Plan, an executive committee (“the Committee”) designated by the board of directors was authorized to grant options, restricted shares or other stock-based awards to eligible employees of the Group. The maximum number of shares available for the awards under this plan is 10,000,000 shares.

(a) Options

On July 21, 2021 and July 30, 2021, the Committee approved the grant of options to purchase an aggregate of 6,515,400 and 23,000 ordinary shares of the Company respectively, to certain employees of the Group at an exercise price of RMB10 per share.

On July 21, 2022, the Committee approved the grant of options to purchase an aggregate of 1,043,460 ordinary shares of the Company to certain employees of the Group at an exercise price of RMB20.2794 per share.

On July 21, 2023, the Committee approved the grant of options to purchase an aggregate of 990,470 ordinary shares of the Company to certain employees of the Group at an exercise price of RMB30.44 per share.

The options granted are subject to different vesting schedules: 1) the options granted to the employees whose service with the Group begins on or after January 1, 2020 will vest in equal installments on the first, second, third and fourth anniversaries of the date of grant; 2) for the options granted to the employees whose service began before January 1, 2020, 50% of the options will vest on the first anniversary of the date of grant and the remaining 50% shall vest in equal installments on the second and third anniversaries of the date of grant respectively ("Specified Vesting Period"). The vesting of options is also on the condition that the employees remain in service and fulfill the performance requirements. In addition, the vested options will be forfeited if the continued service period of the employee from the date of grant is less than 2 years. That is, the actual length of vesting period of the options is not less than 2 years. The Group recognized the share compensation expenses over actual length of vesting period or the Specified Vesting Period, whichever is longer.

The options lapse on the twelfth anniversary of the respective grant date, unless terminated earlier by the board of directors.

The movements of the options during the years ended December 31, 2021, 2022 and 2023 are summarized as follows:

	Number of options	Weighted- average exercise price <i>RMB per share</i>	Weighted- average grant date fair value <i>RMB per share</i>
Outstanding at January 1, 2021	–	–	–
Granted	6,538,400	10.00	12.01
Forfeited	(62,000)	10.00	12.01
	<hr/>		
Outstanding at December 31, 2021	6,476,400	10.00	12.01
Exercisable at December 31, 2021	–	–	–
Non-vested at December 31, 2021	6,476,400	10.00	12.01
Outstanding at January 1, 2022	6,476,400	10.00	12.01
Granted	1,043,460	20.2794	11.83
Forfeited	(1,036,450)	11.38	11.99
	<hr/>		
Outstanding at December 31, 2022	6,483,410	11.42	11.98
Exercisable at December 31, 2022	–	–	–
Non-vested at December 31, 2022	6,483,410	11.42	11.98
Outstanding at January 1, 2023	6,483,410	11.42	11.98
Granted	990,470	30.44	17.12
Forfeited	(423,820)	13.99	12.59
	<hr/>		
Outstanding at December 31, 2023	7,050,060	13.94	12.67
Exercisable at December 31, 2023	3,773,763	10.00	12.01
Non-vested at December 31, 2023	3,276,297	18.48	13.43

As at December 31, 2021, 2022 and 2023, the weighted average remaining contractual life of the options outstanding is 11.60, 10.74 and 10.91 years, respectively.

The fair value of options granted on July 21, 2021 and July 30, 2021, and that of options granted on July 21, 2022 and July 21, 2023 were determined using the binominal option-pricing model, with the assistance of independent third-party valuation firms, Jones Lang LaSalle Corporate Appraisal and Advisory Limited (“Jones Lang LaSalle”) and Guangdong Excellence, respectively.

Assumptions used in the binominal option-pricing model are presented below:

	Grant date			
	As at July 21, 2021	As at July 30, 2021	As at July 21, 2022	As at July 21, 2023
Fair value per share	RMB12.01	RMB12.04	RMB11.83	RMB17.12
Risk-free interest rate	3.08%	3.03%	2.86%	2.55%
Expected dividend yield	0%	0%	0%	0%
Expected volatility	54.92%	55.35%	44.59%	54.83%
Expected multiples	2.2	2.2	2.2	2.2
Contractual life	12 years	12 years	12 years	12 years

Expected dividend yield is estimated based on the Company’s expected dividend policy over the expected life of the options. Expected volatility is based on the historical volatility of selected comparable companies in the period of the expected life of the share options.

The fair value of options granted during the years ended December 31, 2021, 2022 and 2023 were RMB78,525,000, RMB12,340,000 and RMB16,957,000, respectively. Total compensation expenses calculated based on the grant date fair value and the estimated forfeiture rate recognized in the consolidated statements of profit or loss for the above options were RMB15,088,000, RMB30,515,000 and RMB23,571,000 for the years ended December 31, 2021, 2022 and 2023, respectively.

(b) Restricted share units of Chenqi Mobility and replacement by restricted stock of the Company

On July 14, 2021, in connection with implementing the Pre-IPO Share Incentive Plan of the Company, the shareholders and board of directors of the Company also approved and adopted a share incentive plan of Chenqi Mobility, a wholly-owned subsidiary of the Company in the PRC (the “Onshore Share Incentive Plan”). Under this plan, the board of directors of Chenqi Mobility was authorized to grant restricted share units (“RSUs”) of Chenqi Mobility to certain employees of the Group. The maximum number of RSUs available for the awards under this plan is 1,453,309 units. Simultaneously, an equivalent of 940,000 nil-paid shares of the Company under the Pre-IPO Share Incentive Plan were reserved for future grant of share awards of the Company to the same grantees as replacement of the onshore share awards if the onshore share awards are required to be cancelled prior to a qualified IPO of the Company.

On July 21, 2021, the board of directors of Chenqi Mobility approved the grant of an aggregate of 1,453,309 RSUs of Chenqi Mobility to certain employees of the Group at a subscription price of USD1 per unit.

On July 21, 2022, the board of directors of Chenqi Mobility approved the grant of an aggregate of 131,263 RSUs of Chenqi Mobility to an employee of the Group at a subscription price of USD2.02794 per unit.

The RSUs granted to employees vest in four equal installments on the first, second, third and fourth anniversaries of the date of grant (“Specified Vesting Period”) respectively, on the condition that the employees remain in service, have fulfilled the performance requirements and have made the subscription payments for respective installments. In addition, if the employees leave the Group before expiration of the lock-up period after consummation of a qualified IPO of the Group, the awarded RSUs will be forfeited. That is, the actual length of vesting period of the RSUs is subject to an IPO condition. The Group recognized the share compensation expenses over the estimated actual vesting period, which is based on an estimate of when the lock-up period of a qualified IPO will expire or the Specified Vesting Period, whichever is longer.

The RSUs lapse on the twelfth anniversary of the respective grant date, unless terminated earlier by the board of directors.

The Onshore Share Incentive Plan was administered by a special purpose vehicle, which was consolidated.

On July 6, 2023, the shareholders and board of directors of Company resolved to cancel the 1,306,279 outstanding RSUs of Chenqi Mobility granted to six employees under the Onshore Share Incentive Plan and approved the grant of an equivalent of 848,760 restricted stock ("RS") of the Company under the Pre-IPO Share Incentive Plan to the same employees, as a replacement of the onshore share awards. The terms of the restricted stock of the Company granted to the employees, including the vesting schedule and subscription prices are substantially consistent with those under the Onshore Share Incentive Plan.

After the cancellation of the Onshore Share Incentive Plan, the special purpose vehicle was de-registered.

The movements of the RSUs of Chenqi Mobility and RSs of the Company during the Relevant Periods are summarized respectively as follows:

	Number of RSUs of Chenqi Mobility	Weighted-average subscription price <i>RMB equivalent per unit</i>	Weighted-average grant date fair value <i>RMB equivalent per unit</i>
Outstanding at January 1, 2021	–	–	–
Granted	1,453,309	6.47	6.96
Outstanding at December 31, 2021	<u>1,453,309</u>	6.47	6.96
Outstanding at January 1, 2022	1,453,309	6.47	6.96
Granted	131,263	13.71293	4.75
Forfeited	(278,293)	6.47	6.96
Outstanding at December 31, 2022	<u>1,306,279</u>	7.20	6.73
Outstanding at January 1, 2023	1,306,279	7.20	6.73
Cancellation of RSUs of Chenqi Mobility and replacement by RSs of the Company	(1,306,279)	7.20	6.73
Outstanding at December 31, 2023	<u>–</u>	–	–
	Number of RSs of the Company	Weighted-average subscription price <i>RMB per share</i>	Weighted-average grant date fair value <i>RMB per share</i>
Outstanding at January 1, 2023	–	–	–
Cancellation of RSUs of Chenqi Mobility and replacement by RSs of the Company	848,760	11.07	10.37
Forfeited	(67,500)	10.00	10.75
Outstanding at December 31, 2023	<u>781,260</u>	11.17	10.33

The fair value of RSUs granted on July 21, 2021 and July 21, 2022 were determined using the Black-Scholes option-pricing model, with the assistance of independent third-party valuation firms, Jones Lang LaSalle and Guangdong Excellence, respectively.

Assumptions used in the Black-Scholes option-pricing model are presented below:

	Grant date	
	As at July 21, 2021	As at July 21, 2022
Fair value per RSU	USD1.08	USD0.7
Fair value per RSU (equivalent to RMB)	RMB6.96	RMB4.75
Risk-free interest rate	0.73%	2.24% – 2.46%
Expected dividend yield	0%	0%
Expected volatility	49.89%	36.98% – 45.65%

Expected dividend yield is estimated based on the Chenqi Mobility's expected dividend policy over the expected life of the RSUs. The expected volatility is based on the historical volatility of selected comparable companies in the period of the expected life of the RSUs.

As the terms of the RSs of the Company granted to the employees as replacement of RSUs of Chenqi Mobility are substantially consistent with those under the Onshore Share Incentive Plan and did not increase the total fair value of the share awards or are otherwise beneficial to the employees, the Group continued to recognize the compensation expense of RSs based on the original grant date fair value over the original vesting period.

The fair value of RSUs granted during the years ended December 31, 2021 and 2022 were RMB10,109,000 and RMB626,000 respectively. Total compensation expenses of RSUs and RSs calculated based on the grant date fair value and the estimated forfeiture rate recognized in the consolidated statements of profit or loss were RMB921,000, RMB2,651,000 and RMB2,815,000 for the years ended December 31, 2021, 2022 and 2023, respectively.

30 CAPITAL, RESERVES AND DIVIDENDS

(a) Movements in components of equity

The reconciliation between the opening and closing balances of each component of the Group's consolidated equity is set out in the consolidated statements of changes in equity. Details of the changes in the Company's individual components of equity between the beginning and the end of each reporting period are set out below:

The Company

	Share capital	Share premium	Share- based payment reserve	Translation reserve	Other reserve	Retained earnings/ (accumulated losses)	Total
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Balance at							
January 1, 2021	309	899,684	–	(44,568)	–	2	855,427
Changes in equity for the year ended December 31, 2021							
Total comprehensive income for the year	–	–	–	(19,560)	–	–	(19,560)
Equity settled share- based transactions	–	–	15,088	–	–	–	15,088
Balance at December 31, 2021 and January 1, 2022	309	899,684	15,088	(64,128)	–	2	850,955

	Share capital RMB'000	Share premium RMB'000	Share- based payment reserve RMB'000	Translation reserve RMB'000	Other reserve RMB'000	Retained earnings/ (accumulated losses) RMB'000	Total RMB'000
Changes in equity for the year ended December 31, 2022							
Loss for the year	-	-	-	-	-	(223,270)	(223,270)
Other comprehensive income for the year	-	-	-	69,289	-	-	69,289
Total comprehensive income for the year	-	-	-	69,289	-	(223,270)	(153,981)
Equity settled share- based transactions	-	-	30,515	-	-	-	30,515
Balance at December 31, 2022 and January 1, 2023	309	899,684	45,603	5,161	-	(223,268)	727,489
Changes in equity for the year ended December 31, 2023							
Loss for the year	-	-	-	-	-	(97,115)	(97,115)
Other comprehensive income for the year	-	-	-	13,301	-	-	13,301
Total comprehensive income for the year	-	-	-	13,301	-	(97,115)	(83,814)
Subscription of restricted stock as replacement of onshore share awards	1	1,899	-	-	-	-	1,900
Equity settled share- based transactions	-	-	24,829	-	-	-	24,829
Conversion of Series A Preferred Shares from exercise of warrants	-	-	-	-	168,884	-	168,884
Balance at December 31, 2023	310	901,583	70,432	18,462	168,884	(320,383)	839,288

(b) Share capital*(i) Authorized share capital*

The Company was incorporated in the Cayman Islands on April 30, 2019 with authorized share capital of USD50,000, divided into 100,000,000 ordinary shares with a par value of USD0.0005 each. The then shareholders subscribed for 90,000,000 shares in aggregate at USD1.456685 per share and the remaining authorized 10,000,000 ordinary shares were reserved for share incentive plan purpose. The excess of capital injections made by the then equity shareholders over the par value was credited to share premium.

On March 18, 2022, additional ordinary shares and Series A Preferred Shares with a par value of USD0.0005 each were authorized.

On August 11, 2023, additional ordinary shares and Series B Preferred Shares with a par value of USD0.0005 each were authorized.

At the end of each reporting period during the Relevant Periods, the Company's authorized shares including the shares held for share incentive plan was as follows:

	As at December 31, 2021		As at December 31, 2022		As at December 31, 2023	
	Number of shares	Nominal value USD'000	Number of shares	Nominal value USD'000	Number of shares	Nominal value USD'000
Ordinary shares	100,000,000	50	171,642,863	86	383,151,607	192
Series A Preferred Shares	-	-	68,357,137	34	68,357,137	34
Series B Preferred Shares	-	-	-	-	28,491,256	14
Total	<u>100,000,000</u>	<u>50</u>	<u>240,000,000</u>	<u>120</u>	<u>480,000,000</u>	<u>240</u>

(ii) Issued shares

At the end of each reporting period during the Relevant Periods, the number of issued ordinary shares of the Company was as follows:

	As at December 31,		
	2021	2022	2023
Ordinary Shares issued and fully paid	90,000,000	90,000,000	90,190,000
Ordinary shares issued but not yet paid ^(*)	<u>10,000,000</u>	<u>10,000,000</u>	<u>9,810,000</u>
Total	<u>100,000,000</u>	<u>100,000,000</u>	<u>100,000,000</u>

Note:

* 10,000,000 nil-paid shares were issued and reserved for share incentive plan purpose as at December 31, 2021 and 2022. During the year ended December 31, 2023, 190,000 shares were paid for subscription of restricted stock under share incentive plan, and 9,810,000 shares remained as nil-paid as at December 31, 2023.

In addition, 10,662,966 and 48,274,535 Series A Preferred Shares were issued as at December 31, 2022 and 2023, respectively, and were accounted for as financial liabilities (see note 26).

(c) Share premium

The share premium represents the excess of capital injections made by the equity shareholders over the par value of the shares issued.

(d) Capital reserve

The capital reserve mainly comprises the following:

- waiver of payment of promotion expenses and service costs of mobility service platform by shareholders; and
- subscription of RSUs under the Onshore Share Incentive Plan.

(e) Share-based payment reserve

The share-based payment reserve represents the portion of the grant date fair value of the options and the RSUs of Chenqi Mobility which were subsequently replaced by RSs of the Company, granted to the employees of the Group that has been recognized in accordance with the accounting policy adopted for share-based payments in note 2(q)(ii).

(f) Translation reserve

The translation reserve comprises all foreign exchange differences arising from the translation of the financial statements of foreign operations.

(g) Other reserve

Other reserve mainly represents:

- i) the differences of RMB7,216,000 and RMB20,989,000 between the present value of the redemption amount and loan principal on initial recognition of the Series A and Series B warrants and related loans respectively (note 27); and
- ii) deemed contribution from investors arising from the difference between the proceeds from exercise of Series A warrants and repayment of other financial liabilities to investors.

(h) Dividends

No dividend has been paid or declared by the Company during the Relevant Periods.

(i) Capital management

The Group's primary objectives when managing capital are to safeguard the Group's ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders, by pricing services and goods commensurately with the level of risk and by securing access to finance at a reasonable cost.

The Group actively and regularly reviews and manages its capital structure to maintain a balance between the higher shareholders returns that might be possible with higher levels of borrowings and the advantages and security afforded by a sound capital position, and makes adjustments to the capital structure in light of changes in economic conditions.

The Group defines "capital" as including all components of equity, convertible redeemable preferred shares and other financial liabilities issued to investors. The Group's policy is to maintain a strong capital base to maintain investors, creditors and market confidence and to sustain future development of the business.

The Group was not subject to externally imposed capital requirements during the Relevant Periods.

31 FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS

Exposure to credit, liquidity, interest rate and currency risks arises in the normal course of the Group's business. The Group's exposure to these risks and the financial risk management policies and practices used by the Group to manage these risks are described below.

(a) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in a financial loss to the Group. The Group's credit risk is primarily attributable to trade receivables, deposits and other receivables. The Group's exposure to credit risk arising from cash and cash equivalents and restricted cash is limited because the counterparties are banks and financial institutions with high credit ratings, for which the Group considers have low credit risk.

Trade receivables

The Group has established a credit risk management policy under which individual credit evaluations are performed on all customers requiring credit over a certain amount. These evaluations focus on the customer's past history of making payments when due and current ability to pay, and take into account information specific to the customer as well as pertaining to the economic environment in which the customer operates. For mobility services business, trade receivables are mainly due from individual riders and enterprise customers. For individual riders, the Group requests immediate settlement when the trip is completed. For enterprise customers, the Group usually grants a credit period within 30 days. For fleet sale and maintenance business, the Group normally requests advance payment for sale of vehicles before the delivery of goods and grants a credit period of 20 to 30 days for provision of repair and maintenance services. Normally, the Group does not obtain collateral from customers.

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer and therefore significant concentrations of credit risk primarily arise when the Group has significant exposure to individual customers. As at December 31, 2021, 2022 and 2023, 25.9%, 30.2% and 28.5% of total trade receivables was due from the Group's top five largest customers respectively.

The Group measures loss allowances for trade receivables at an amount equal to lifetime ECLs, which is calculated using a provision matrix. The Group segments its trade receivables based on type of customers, due to different loss patterns experienced in different customer segments.

The following table provides information about the Group's exposure to credit risk and ECLs for trade receivables:

	As at December 31, 2021		
	Expected loss rate %	Gross carrying amount RMB'000	Loss allowance RMB'000
Mobility services - individual riders			
0 to 30 days	12.20%	902	110
31 to 60 days	42.07%	416	175
61 to 180 days	65.46%	1,190	779
over 180 days	100.00%	4,887	4,887
		<u>7,395</u>	<u>5,951</u>
		-----	-----
Mobility services - enterprise customers			
0 to 30 days	2.98%	1,394	42
31 to 60 days	7.01%	1,168	83
61 to 180 days	67.65%	34	23
		<u>2,596</u>	<u>148</u>
		-----	-----
Others (i)	0.00%	<u>2,021</u>	<u>—</u>
		-----	-----
		<u>12,012</u>	<u>6,099</u>
		=====	=====

	As at December 31, 2022		
	Expected loss rate %	Gross carrying amount RMB'000	Loss allowance RMB'000
Mobility services - individual riders			
0 to 30 days	10.01%	1,408	141
31 to 60 days	37.19%	285	106
61 to 180 days	69.55%	959	667
over 180 days	100.00%	7,207	7,207
		<u>9,859</u>	<u>8,121</u>
		-----	-----
Mobility services - enterprise customers			
0 to 30 days	1.00%	3,089	31
31 to 60 days	1.00%	1,401	14
61 to 180 days	11.03%	1,968	217
over 180 days	66.67%	42	28
		<u>6,500</u>	<u>290</u>
		-----	-----
Others (i)	0.00%	<u>6,313</u>	<u>—</u>
		-----	-----
		<u>22,672</u>	<u>8,411</u>
		=====	=====

	As at December 31, 2023		
	Expected loss rate %	Gross carrying amount RMB'000	Loss allowance RMB'000
Mobility services - individual riders			
0 to 30 days	9.00%	2,432	219
31 to 60 days	35.02%	494	173
61 to 180 days	66.64%	1,136	757
over 180 days	100.00%	8,612	8,612
		<u>12,674</u>	<u>9,761</u>
		-----	-----
Mobility services - enterprise customers			
0 to 30 days	1.00%	5,076	51
31 to 60 days	1.99%	3,273	65
61 to 180 days	17.61%	1,147	202
over 180 days	71.79%	39	28
		<u>9,535</u>	<u>346</u>
		-----	-----
Others (i)	0.00%	<u>7,942</u>	<u>—</u>
		-----	-----
		<u>30,151</u>	<u>10,107</u>
		=====	=====

Note:

- (i) These trade receivables were mainly due from related parties. The Group has assessed that these trade receivables have low credit risk and the ECL rate for these trade receivables are immaterial, and thus the loss allowance is immaterial.

Expected loss rates are based on actual loss experience over the past 12 months. These rates are adjusted to reflect differences between economic conditions during the period over which the historic data has been collected, current conditions and the Group's view of economic conditions over the expected lives of the receivables.

Movement in the loss allowance account in respect of trade receivables during the Relevant Periods is as follows:

	Years ended December 31,		
	2021	2022	2023
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Balance at January 1	6,025	6,099	8,411
Credit loss allowance recognized during the year	74	2,312	1,696
	<u>6,099</u>	<u>8,411</u>	<u>10,107</u>
Balance at December 31	<u>6,099</u>	<u>8,411</u>	<u>10,107</u>

Deposits and other receivables

In respect of the receivables to be collected from riders on behalf of customers arising from the services to facilitate matching third-party ride-hailing service providers with ride orders received, the Group measures the loss allowances at an amount equal to lifetime ECLs, which is calculated using a provision matrix that is consistent with that is used in the calculation for trade receivables due from individual riders in mobility services. The gross carrying amount as at December 31, 2022 and 2023 were RMB1,998,000 and RMB3,562,000, respectively. The loss allowance as at December 31, 2022 and 2023 were RMB1,255,000 and RMB2,819,000, respectively.

In respect of the receivables due from third-party mobility service platforms who collected ride service fees from riders on behalf of the Group, the Group measures the loss allowances at an amount equal to lifetime ECLs, which is calculated using a provision matrix. The gross carrying amount as at December 31, 2021, 2022 and 2023 were RMB8,562,000, RMB11,167,000 and RMB17,166,000, respectively. The loss allowance as at December 31, 2021, 2022 and 2023 were RMB798,000, RMB1,136,000 and RMB79,000, respectively.

In determining the ECL for remaining deposits and other receivables, management has taken into account of the historical default experience and forward-looking information, as appropriate. In view of the history of cooperation with debtors and the sound collection history of receivables due from them, management believes that the credit risk inherent in the Group's outstanding deposits and other receivables balances due from them is low.

Movement in the loss allowance account in respect of deposits and other receivables during the Relevant Periods is as follows:

	Years ended December 31,		
	2021	2022	2023
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Balance at January 1	–	798	2,391
Credit loss allowance recognized during the year	798	1,593	507
	<u>798</u>	<u>2,391</u>	<u>2,898</u>
Balance at December 31	<u>798</u>	<u>2,391</u>	<u>2,898</u>

(b) Liquidity risk

The Group's objective when managing liquidity is to maintain sufficient cash and cash equivalents to meet its liabilities when they are due. The Group's policy is to regularly monitor its liquidity requirements, to ensure that it maintains sufficient reserves of cash, adequate committed lines of funding from major financial institutions, or to retain adequate financing arrangements to meet its liquidity requirements in the short and longer term. Individual operating entities within the Group are responsible for their own cash management, including the raising of loans to cover expected cash demands, subject to approval by the Company's board when the borrowings exceed certain predetermined levels of authority.

The following tables show the remaining contractual maturities as at December 31, 2021, 2022 and 2023 of the Group's financial liabilities, which are based on contractual undiscounted cash flows (including interest payments computed using contractual rates or, if floating, based on rates current at the end of each reporting period) and the earliest date the Group can be required to pay:

	As at December 31, 2021				
	Contractual undiscounted cash outflow				
	Within 1 year or on demand	More than 1 year but less than 2 years	More than 2 years but less than 5 years	Total	Carrying amount
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Trade payables	52,845	–	–	52,845	52,845
Accruals and other payables	232,139	–	–	232,139	232,139
Loans and borrowings	10,257	–	–	10,257	10,000
Lease liabilities	10,868	11,233	5,423	27,524	25,670
Total	306,109	11,233	5,423	322,765	320,654

	As at December 31, 2022				
	Contractual undiscounted cash outflow				
	Within 1 year or on demand	More than 1 year but less than 2 years	More than 2 years but less than 5 years	Total	Carrying amount
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Trade and bills payables	58,070	–	–	58,070	58,070
Accruals and other payables	424,400	–	–	424,400	424,400
Loans and borrowings	24,137	4,647	13,033	41,817	40,038
Lease liabilities	12,131	6,823	1,566	20,520	17,746
Convertible redeemable preferred shares	247,973	–	–	247,973	247,973
Other financial liabilities issued to investors	726,813	–	–	726,813	726,813
Total	1,493,524	11,470	14,599	1,519,593	1,515,040

	As at December 31, 2023				
	Contractual undiscounted cash outflow				
	Within 1 year or on demand RMB'000	More than 1 year but less than 2 years RMB'000	More than 2 years but less than 5 years RMB'000	Total RMB'000	Carrying amount RMB'000
Trade and bills payables	78,168	–	–	78,168	78,168
Accruals and other payables	153,043	–	–	153,043	153,043
Loans and borrowings	14,685	13,032	–	27,717	27,033
Lease liabilities	31,789	4,139	7,554	43,482	41,923
Convertible redeemable preferred shares	1,161,283	–	–	1,161,283	1,161,283
Other financial liabilities issued to investors	888,913	–	–	888,913	888,913
Total	2,327,881	17,171	7,554	2,352,606	2,350,363

(c) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group does not account for any fixed-rate financial instruments at fair value through profit or loss at the end of each reporting periods. Therefore, interest-bearing financial instruments at fixed rates do not expose the Group to fair value interest rate risk. The Group's interest rate risk arises primarily from cash at banks at variable rates, which exposes the Group to cash flow interest rate risk. The Group's interest rate profile as monitored by management is set out in (i) below.

(i) Interest rate profile

The following table details the interest rate profile of the Group's interest-bearing financial instruments at the end of reporting period.

	As at December 31,		
	2021 RMB'000	2022 RMB'000	2023 RMB'000
Fixed rate instruments			
Restricted deposits	18,725	987	–
Cash at bank	36,139	132,632	103,935
Loans and borrowings	(10,000)	(40,038)	(27,033)
Lease liabilities	(25,670)	(17,746)	(41,923)
Convertible redeemable preferred shares	–	(247,973)	(1,161,283)
Other financial liabilities issued to investors	–	(726,813)	(888,913)
	<u>19,194</u>	<u>(898,951)</u>	<u>(2,015,217)</u>
Variable rate instruments			
Cash at bank	<u>50,842</u>	<u>421,034</u>	<u>508,923</u>

(ii) Sensitivity analysis

At December 31, 2021, 2022 and 2023, it is estimated that a general increase/decrease of 100 basis points in interest rates, with all other variables held constant, would have decreased/increased the Group's loss and accumulated losses by approximately RMB508,000, RMB4,210,000 and RMB5,089,000 respectively.

The sensitivity analysis above indicates the instantaneous change in the Group's loss for the year (and accumulated losses) that would arise assuming that the change in interest rates had occurred at the end of the reporting period. In respect of the exposure to cash flow interest rate risk arising from floating rate non-derivative instruments held by the Group at the end of the reporting period, the impact on the Group's loss for the year (and accumulated losses) is estimated as an annualised impact on interest expense or income of such a change in interest rates.

(d) Currency risk

The Group is exposed to currency risk primarily through transactions or recognized monetary assets and liabilities that are denominated in a currency other than the functional currency of the operations to which the transactions relate. The Group's transactions in the PRC are mainly denominated in RMB. The Company and the Group's subsidiaries in other geographical locations mainly incurred financing transactions which were denominated in USD during the Relevant Periods and mainly adopted USD as the functional currency. As a result, the directors do not expect that there was any significant foreign exchange exposure which may arise as a currency risk for the Group during the Relevant Periods. The Group was mainly exposed to the currency risk relating to the cash balances that are denominated in a foreign currency during the Relevant Periods. The cash balances denominated in foreign currency at the end of each reporting periods were insignificant, hence, no sensitivity analysis is presented.

(e) Fair value measurement

The carrying amounts of the Group's financial instruments carried at amortized cost are not materially different from their fair values as at December 31, 2021, 2022 and 2023.

32 COMMITMENTS

Capital commitments outstanding as at period end not provided for in the financial statements were as follows:

	As at December 31,		
	2021 RMB'000	2022 RMB'000	2023 RMB'000
Contracted purchase of software	1,461	8,009	425
Contracted purchase of property, plant and equipment	4,549	13,789	7,411
Total	<u>6,010</u>	<u>21,798</u>	<u>7,836</u>

33 MATERIAL RELATED PARTY TRANSACTIONS**(a) Name and relationship with related parties**

During the Relevant Periods, the directors are of the view that the following are related parties of the Group which have material transactions with the Group:

(1) An investor who exercises joint control over the Company

Guangzhou Automobile Group Co., Ltd. ("GAC") (廣州汽車集團股份有限公司)*

(2) *Entities controlled by the investors who exercise joint control over the Company*

Da Sheng Technology Co., Ltd. (大聖科技股份有限公司)*

GAC Aion New Energy Automobile Co., Ltd. (廣汽埃安新能源汽車股份有限公司)*

GAC Business Co., Ltd. (廣汽商貿有限公司)*

GAC Capital Co., Ltd. (廣汽資本有限公司)*

GAC Component Co., Ltd. (廣汽零部件有限公司)*

GAC Passenger Vehicle Co., Ltd. (廣汽乘用車有限公司)*

GAC Trumpchi Car Sales Co., Ltd. (廣汽傳祺汽車銷售有限公司)*

Guangzhou Automobile Group Finance Co., Ltd. (廣州汽車集團財務有限公司)*

Guangzhou Automobile Financial Leasing Co., Ltd. (previously known as Guangzhou Automobile Leasing Co., Ltd.) (廣州廣汽融資租賃有限公司)*

Guangzhou Changsheng Automotive Sales Service Co., Ltd. (廣州長盛汽車銷售服務有限公司)*

Guangzhou GAC Baoshang Steel Processing Co., Ltd. (廣州廣汽寶商鋼材加工有限公司)*

Guangzhou Panyu Aian Automobile Sales and Service Co., Ltd. (previously known as Guangzhou GAC Commerce Changwei New Energy Auto Sales Co., Ltd.) (廣州番禺埃安汽車銷售服務有限公司)*

Youpai Energy Technology (Guangzhou) Co., Ltd. (previously known as Guangzhou GAC Trading Renewable Resources Co., Ltd.) (優湃能源科技(廣州)有限公司)*

Guangzhou Huawang Semiconductor Technology Co., Ltd. (previously known as Guangzhou Hua Wang Automobile Electronics Co., Ltd.) (廣州華望半導體科技有限公司)*

Guangzhou Lixin Automobile Service Co., Ltd. (廣州麗新汽車服務有限公司)*

Guangzhou Parker Auto Parts Co., Ltd. (廣州帕卡汽車零部件有限公司)*

Guangzhou Qichen Automobile Service Co., Ltd. (廣州祺宸汽車服務有限公司)*

Guangzhou Zhicheng Industry Co., Ltd. (廣州智誠實業有限公司)*

Guangzhou Guangqi Ogihara Die&Stamping Co., Ltd. (廣州廣汽荻原模具衝壓有限公司)*

Aion Automobile Sales and Service Co., Ltd. (埃安汽車銷售服務有限公司)*

Zhongcheng Auto Insurance Co., Ltd. (眾誠汽車保險股份有限公司)*

Guangzhou Changjiang Automobile Service Co., Ltd. (廣州長匠汽車服務有限公司)*

GAC Energy Technology Co., Ltd. (廣汽能源科技有限公司)*

Yinpai Battery Technology Co., Ltd. (因湃電池科技有限公司)*

GAC International Automobile Sales Service Co., Ltd. (廣汽國際汽車銷售服務有限公司)*

Guangzhou GAC Commerce Changrun Automotive Sales Co., Ltd. (廣州廣汽商貿長潤汽車銷售有限公司)*

Guangzhou GAC Commerce Changning Automotive Sales Service Co., Ltd. (廣州廣汽商貿長寧汽車銷售有限公司)*

Guangzhou GAC Commerce Changhong Automobile Technology Service Co., Ltd. (廣州廣汽商貿長宏汽車科技服務有限公司)*

Guangzhou Honda First Sales Co., Ltd. (廣州本田汽車第一銷售有限公司)*

Urumqi Changyou Liqun Automobile Sales Service Co., Ltd. (烏魯木齊長友利群汽車銷售服務有限公司)*

Guangzhou Changli Auto Sales Co., Ltd. (廣州長力汽車銷售有限公司)*

Guangzhou Guangai Insurance Brokers Co., Ltd. (廣愛保險經紀有限公司)*

Guangzhou Guangai Digital Technology Co., Ltd. (廣州廣愛數字科技有限公司)*

Guangzhou Nansha Qingpao Automobile Service Co., Ltd. (廣州南沙氫跑汽車服務有限公司)*

Guangzhou Huaxu Optoelectronics Technology Co., Ltd. (廣州華旭光電科技有限公司)*

Shenzhen Tencent Computer System Co., Ltd. (深圳市騰訊計算機系統有限公司)*

Tencent Cloud Computing (Beijing) Co., Ltd. (騰訊雲計算(北京)有限責任公司)*

Tencent Technology (Shenzhen) Co., Ltd. (騰訊科技(深圳)有限公司)*

Tencent Dadi Tongtu (Beijing) Technology Co., Ltd. (騰訊大地通途(北京)科技有限公司)*

Tenpay Payment Technology Co., Ltd. (財付通支付科技有限公司)*

China Lounge Investments Limited. (中隆投資有限公司)*

(3) *Joint ventures of the investor who exercises joint control over the Company*

GAC Auto Finance Co., Ltd. (廣汽匯理汽車金融有限公司)*

GAC Fiat Chrysler Automobiles Co., Ltd. (廣汽菲亞特克萊斯勒汽車有限公司)*

GAC Honda Automobile Co., Ltd. (廣汽本田汽車有限公司)*

GAC Toyota Motor Co., Ltd. (廣汽豐田汽車有限公司)*

Wuyang-Honda Motors (Guangzhou) Co., Ltd. (五羊-本田摩托(廣州)有限公司)*

Guangdong Qianshun Travel Technology Co., Ltd. (廣東乾順出行科技有限公司)*

Guangzhou Qinglan Semiconductor Co., Ltd. (廣州青藍半導體有限公司)*

Shenzhen Zhihua Technology Investment Co., Ltd. (深圳智華科技投資有限公司)*

GAC Honda Automobile Sales Co., Ltd. (廣汽本田汽車銷售有限公司)*

Guangdong Xingzhi Internet Technology Co., Ltd. (廣東行致互聯科技有限公司)*

Guangzhou GAC Commerce Changhe Auto Technology Co., Ltd. (廣州廣汽商貿長和汽車科技有限公司)*

Cooper Standard Sealing Systems (Guangzhou) Co., Ltd. (申雅密封件(廣州)有限公司)*

(4) Associates of the investor who exercises joint control over the Company

Futian-Rikun Storage and Transportation (Guangzhou) Co., Ltd. (富田-日捆儲運(廣州)有限公司)*

GAC Aisin Automatic Gearbox Co., Ltd. (廣汽愛信自動變速器有限公司) *

Tong Fang Global (Tianjin) Logistics Co., Ltd. (同方環球(天津)物流有限公司)*

Hechuang Smart Technology Co., Ltd. (合創汽車科技有限公司)*

Guangzhou Xinjie New Energy Automobile Sales and Service Co., Ltd. (廣州新捷新能源汽車銷售服務有限公司)*

* The official names of these entities are in Chinese. The English translation of the names is for identification only.

(b) Key management personnel remuneration

Remuneration for key management personnel of the Group, including amounts paid to the Company's directors as disclosed in note 8 and certain of the highest paid employees as disclosed in note 9, is as follows.

	Years ended December 31,		
	2021	2022	2023
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Salaries, allowances and other benefits	5,883	6,284	5,978
Discretionary bonuses	5,440	5,341	5,316
Retirement scheme contributions	143	175	213
Equity-settled share-based payments	5,552	10,825	8,832
	<u>17,018</u>	<u>22,625</u>	<u>20,339</u>

Total remuneration is included in "staff costs" (see note 6(b)).

(c) Related party transactions

During the Relevant Periods, the Group entered into the following material related party transactions with an investor who exercises joint control over the Company and the subsidiaries, joint ventures and associates of the investors who exercise joint control over the Company:

	Years ended December 31,		
	2021	2022	2023
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Transaction amounts with related parties:			
Provision of services			
Provision of marketing services	2,942	928	–
Provision of technology services	1,065	–	22,871
Provision of ride-hailing services	750	816	2,021
Provision of vehicles maintenance services	–	14,413	12,644
Provision of other services	–	1,843	3,379
Sales of goods	263	1,982	73,225

	Years ended December 31,		
	2021	2022	2023
	RMB'000	RMB'000	RMB'000
Purchase of services and goods			
Purchase of drivers' services	81,330	15,600	4,568
Purchase of drivers' management services	10,740	11,076	8,340
Payment processing costs	5,682	6,118	7,259
Purchase of information technology support services	16,747	30,757	37,852
Purchase of goods	–	40,703	262,021
Purchase of operating equipment	11,687	1,047	52
Purchase of mobility platform services	–	51	13,297
Purchase of other services	–	962	3,785
Leases			
Lease of vehicles from a related party	307	57	–
Lease of vehicles to a related party	330	27	–
Expenses paid on the Group's behalf	1,343	1,372	2
Deposits			
Deposits received from related parties	130	100	810
Deposits paid to related parties	–	–	881

(d) Balance with related parties

As at the end of each reporting period, the Group recorded the following material related party balances with an investor who exercises joint control over the Company and the subsidiaries, joint ventures and associates of the investors who exercise joint control over the Company:

	As at December 31,		
	2021	2022	2023
	RMB'000	RMB'000	RMB'000
Amounts due from related parties:			
Trade related			
Trade receivables	2,534	5,677	5,237
Prepayments, deposits and other receivables	130	63,846	33,388
Amounts due to related parties:			
Trade related			
Trade and bills payables	8,044	28,641	1,594
Accruals and other payables	13,572	19,484	10,667
Contract liabilities	14	259	71
Non-trade related			
Accruals and other payables	1,343	625	–

The non-trade related balances due to a related party are unsecured, interest-free and have no fixed repayment terms.

34 POSSIBLE IMPACT OF AMENDMENTS, NEW STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE FOR THE ACCOUNTING PERIOD BEGINNING ON JANUARY 1, 2023

Up to the date of this report, the IASB has issued a number of amendments and new standards, which are not yet effective for the Relevant Periods and which have not been adopted in the Historical Financial Information. These developments include the following which may be relevant to the Group.

	Effective for accounting periods beginning on or after
Amendments to IAS 1, <i>Non-current liabilities with covenants</i>	January 1, 2024
Amendments to IAS 1, <i>Classification of liabilities as current or non-current</i>	January 1, 2024
Amendments to IFRS 16, <i>Lease liability in a sale and leaseback</i>	January 1, 2024
Amendments to IAS 7 and IFRS 7, <i>Supplier Finance Arrangements</i>	January 1, 2024
Amendments to IAS 21, <i>Lack of Exchangeability</i>	January 1, 2025
Amendments to IFRS 10 and IAS 28, <i>Sale or contribution of assets between an investor and its associate or joint venture</i>	Will be determined at a future date

The Group is in the process of making an assessment of what the impact of these developments is expected to be in the period of initial application. So far, the Group has concluded that the adoptions of them is unlikely to have a significant impact on the Historical Financial Information.

35 SUBSEQUENT EVENTS

(a) Exercise of Series B warrants

The Series B Investors have fully exercised the warrants and an aggregate of 27,669,969 Series B Preferred Shares were allotted and issued to the Series B Investors during January to March 2024.

(b) Share transfer of shareholders

On March 29, 2024, the shareholders of the Company resolved to approve China Lounge Investments Limited, a wholly-owned subsidiary of GAC, to transfer 8,797,226 ordinary shares of the Company to Guangzhou Automobile Industry Group Co., Ltd. (“GAIG”), the controlling shareholder of GAC. The share transfer was completed on April 1, 2024. In connection with the share transfer, the shareholders of the Company also approved to adopt an amended and restated memorandum and articles of association of the Company. According to the terms of the amended and restated memorandum and articles of association, GAIG became the investor who exercises joint control over the Company.

Subsequent Financial Statements

No audited financial statements have been prepared by the Company and its subsidiaries comprising the Group in respect of any period subsequent to December 31, 2023.

The information set forth in this appendix does not form part of the Accountants' Report from the reporting accountants of our Company, KPMG, Certified Public Accountants, Hong Kong, as set out in Appendix I to this prospectus, and is included herein for illustrative purpose only.

The unaudited pro forma financial information should be read in conjunction with the section headed "Financial Information" in this prospectus and our historical financial information included in the Accountants' Report set forth in Appendix I to this prospectus.

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 to illustrate the effect of the Global Offering on the consolidated net tangible assets of the Group as if the Global Offering had been completed on December 31, 2023. The unaudited pro forma statement of adjusted consolidated net tangible assets has been prepared for illustrative purpose only and because of its hypothetical nature, it may not give a true picture of the financial position of the Group had the Global Offering been completed as at December 31, 2023 or any future date.

	Consolidated net tangible liabilities of the Group as of December 31, 2023 RMB'000 ⁽¹⁾	Estimated net proceeds from the Global Offering RMB'000 ⁽²⁾⁽⁵⁾	Conversion of convertible redeemable preferred shares and other financial liabilities issued to investors upon Listing RMB'000 ⁽³⁾	Unaudited pro forma adjusted consolidated net tangible assets RMB'000	Unaudited pro forma adjusted consolidated net tangible assets per Share RMB ⁽⁴⁾ HK\$ ⁽⁵⁾	
Based on an Offer Price of HK\$34.00 per Share	(1,459,467)	884,995	2,050,196	1,475,724	7.23	7.94
Based on an Offer Price of HK\$45.40 per Share	(1,459,467)	1,188,773	2,050,196	1,779,502	8.72	9.57

Notes:

- (1) The consolidated net tangible liabilities of the Group as at December 31, 2023 is arrived at after deducting intangible assets of RMB29,303,000 from the consolidated total deficit of RMB1,430,164,000 as at December 31, 2023, as extracted from the financial information included in the Accountants' Report set out in Appendix I to the prospectus.
- (2) The estimated net proceeds from the Global Offering are based on the estimated Offer Prices of HK\$34.00 per Share and HK\$45.40 per Share, respectively, being the lower end price and higher end price of the estimated Offer Price range, and the expected issuance of 30,004,800 Shares, after deduction of the estimated underwriting fees and other related listing expenses related to the Global Offering paid or payable by the Group (excluding approximately RMB28,866,000 of the listing expenses that have been charged to profit or loss up to December 31, 2023).
- (3) Upon the Listing and the completion of the Global Offering, all the convertible redeemable preferred shares will be converted into ordinary shares on a one-to-one basis by way of re-designation to ordinary shares. The convertible redeemable preferred shares which were accounted for as liabilities will be reclassified from liabilities to equity. Also, the warrants issued to investors for subscription of the preferred shares and related loans are also assumed to be converted into ordinary shares for the purpose of this unaudited pro forma financial information. Accordingly, the unaudited pro forma adjusted consolidated net tangible assets will be increased by RMB2,050,196,000, being the aggregate carrying amount of the convertible redeemable preferred shares and other financial liabilities issued to investors, which were accounted for as liabilities as of December 31, 2023.
- (4) The unaudited pro forma adjusted consolidated net tangible assets per Share is arrived at after the adjustments as described in the preceding paragraphs and based on a total of 204,113,852 Shares that are expected to be in issue immediately upon the completion of the Global Offering.
- (5) The estimated net proceeds from the Global Offering and the unaudited pro forma adjusted consolidated net tangible assets per Share are converted from or into Hong Kong dollars at an exchange rate of RMB1.00 to HK\$1.0978. No representation is made that Hong Kong dollars amounts have been, could have been or may be converted into RMB, or vice versa, at that rate or at any other rate.
- (6) Save as disclosed above, no adjustment has been made to reflect any trading results or other transactions of the Group entered into subsequent to December 31, 2023.

B. REPORT ON THE UNAUDITED PRO FORMA FINANCIAL INFORMATION

The following is the text of a report received from the reporting accountants, KPMG, Certified Public Accountants, Hong Kong, in respect of the Group's pro forma financial information for the purpose of incorporation in this prospectus.

**INDEPENDENT REPORTING ACCOUNTANTS' ASSURANCE REPORT ON THE
COMPILATION OF PRO FORMA FINANCIAL INFORMATION****TO THE DIRECTORS OF CHENQI TECHNOLOGY LIMITED**

We have completed our assurance engagement to report on the compilation of pro forma financial information of Chenqi Technology Limited (the "Company") and its subsidiaries (collectively the "Group") by the directors of the Company (the "Directors") for illustrative purposes only. The unaudited pro forma financial information consists of the unaudited pro forma statement of adjusted consolidated net tangible assets as at December 31, 2023 and related notes as set out in Part A of Appendix II to the prospectus dated June 28, 2024 (the "Prospectus") issued by the Company. The applicable criteria on the basis of which the Directors have compiled the pro forma financial information are described in Part A of Appendix II to the Prospectus.

The pro forma financial information has been compiled by the Directors to illustrate the impact of the proposed offering of the ordinary shares of the Company (the "Global Offering") on the Group's financial position as at December 31, 2023 as if the Global Offering had taken place at December 31, 2023. As part of this process, information about the Group's financial position as at December 31, 2023 has been extracted by the Directors from the Group's historical financial information included in the Accountants' Report as set out in Appendix I to the Prospectus.

Directors' Responsibilities for the Pro Forma Financial Information

The Directors are responsible for compiling the pro forma financial information in accordance with paragraph 4.29 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") and with reference to Accounting Guideline 7 "Preparation of Pro Forma Financial Information for Inclusion in Investment Circulars" ("AG 7") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA").

Our Independence and Quality Management

We have complied with the independence and other ethical requirements of the Code of Ethics for Professional Accountants issued by the HKICPA, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour.

Our firm applies Hong Kong Standard on Quality Management 1 “Quality Management for Firms that Perform Audits or Reviews of Financial Statements, or Other Assurance or Related Services Engagements”, which requires the firm to design, implement and operate a system of quality management including policies or procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Reporting Accountants’ Responsibilities

Our responsibility is to express an opinion, as required by paragraph 4.29(7) of the Listing Rules, on the pro forma financial information and to report our opinion to you. We do not accept any responsibility for any reports previously given by us on any financial information used in the compilation of the pro forma financial information beyond that owed to those to whom those reports were addressed by us at the dates of their issue.

We conducted our engagement in accordance with Hong Kong Standard on Assurance Engagements (“HKSAE”) 3420 “Assurance Engagements to Report on the Compilation of Pro Forma Financial Information Included in a Prospectus” issued by the HKICPA. This standard requires that the reporting accountants plan and perform procedures to obtain reasonable assurance about whether the Directors have compiled the pro forma financial information in accordance with paragraph 4.29 of the Listing Rules, and with reference to AG 7 issued by the HKICPA.

For purpose of this engagement, we are not responsible for updating or reissuing any reports or opinions on any historical financial information used in compiling the pro forma financial information, nor have we, in the course of this engagement, performed an audit or review of the financial information used in compiling the pro forma financial information.

The purpose of pro forma financial information included in an investment circular is solely to illustrate the impact of a significant event or transaction on unadjusted financial information of the Group as if the event had occurred or the transaction had been undertaken at an earlier date selected for purposes of the illustration. Accordingly, we do not provide any assurance that the actual outcome of events or transactions as at December 31, 2023 would have been as presented.

A reasonable assurance engagement to report on whether the pro forma financial information has been properly compiled on the basis of the applicable criteria involves performing procedures to assess whether the applicable criteria used by the Directors in the compilation of the pro forma financial information provide a reasonable basis for presenting the significant effects directly attributable to the event or transaction, and to obtain sufficient appropriate evidence about whether:

- the related pro forma adjustments give appropriate effect to those criteria; and
- the pro forma financial information reflects the proper application of those adjustments to the unadjusted financial information.

The procedures selected depend on the reporting accountants' judgement, having regard to the reporting accountants' understanding of the nature of the Group, the event or transaction in respect of which the pro forma financial information has been compiled, and other relevant engagement circumstances.

The engagement also involves evaluating the overall presentation of the pro forma financial information.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our procedures on the pro forma financial information have not been carried out in accordance with attestation standards or other standards and practices generally accepted in the United States of America, auditing standards of the Public Company Accounting Oversight Board (United States) or any overseas standards and accordingly should not be relied upon as if they had been carried out in accordance with those standards and practices.

We make no comments regarding the reasonableness of the amount of net proceeds from the issuance of the Company's shares, the application of those net proceeds, or whether such use will actually take place as described in the section headed "Future Plans and Use of Proceeds" in the Prospectus.

Opinion

In our opinion:

- (a) the pro forma financial information has been properly compiled on the basis stated;
- (b) such basis is consistent with the accounting policies of the Group, and
- (c) the adjustments are appropriate for the purposes of the pro forma financial information as disclosed pursuant to paragraph 4.29(1) of the Listing Rules.

KPMG

Certified Public Accountants

Hong Kong

June 28, 2024

SUMMARY OF THE CONSTITUTION OF THE COMPANY**1 Memorandum of Association**

The Memorandum of Association of the Company was conditionally adopted on June 26, 2024 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 and Available on Display and for Inspection”.

2 Articles of Association

The Articles of Association of the Company were conditionally adopted on June 26, 2024 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 realized 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 the Director 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 shall he 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 underwriting or sub-underwriting 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 traveling, 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 authorized 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 canceled.

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 authorized 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 authorized 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, every member of the Company present in person (or, in the case of a member being a corporation, by its duly authorized representative) or by proxy shall have (a) the right to speak; (b) one vote on a show of hands; and (c) one vote for every share of which he is the holder on a poll.

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 authorized 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 record date 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, authorize 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 authorized shall be entitled to exercise the same powers as the corporation could exercise if it were an individual member.

If a recognized clearing house (or its nominee(s)) is a member of the Company it may authorize 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 authorized, the authorization shall specify the number and class of shares in respect of which each such person is so authorized. A person authorized pursuant to this provision shall be entitled to exercise the same rights and powers on behalf of the recognized clearing house (or its nominee(s)) which that person represents as that recognized 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 authorization, including the right to speak and, 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 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. An 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 authorized 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 canceled 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 endeavor 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 form 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 canceled) 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 favor 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 at least 10 business days' notice (or on at least 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 authorized 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 authorize 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 realized 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 authorized in writing, or, if the appointor is a corporation or other non-natural person, under the hand of its duly authorized 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 including by electronic means 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 authorizing 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 installment 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 authorized 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 authorized 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, giving 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 30 April 2019 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 authorized 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 cancelation 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 authorized 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 authorized 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 authorized to do so by its articles of association, purchase its own shares, including any redeemable shares. The manner of such a purchase must be authorized 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 authorized 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 authorized by (a) a special resolution of each constituent company and (b) such other authorization, 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 advisers on Cayman Islands law, have sent to the Company a letter of advice summarizing 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 and Available on Display for Inspection" in Appendix V. 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**

Our Company was incorporated in the Cayman Islands on April 30, 2019 as an exempted company with limited liability. Our registered office address is at the offices of 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 the relevant laws and regulations of the Cayman Islands and of the Memorandum and Articles of Association is set out in the section headed "Summary of the Constitution of the Company and Cayman Islands Company Law" in Appendix III to this Prospectus.

We have established our principal place of business in Hong Kong at 40th Floor, Dah Sing Financial Centre, No. 248 Queen's Road East, Wanchai, Hong Kong, and registered with the Registrar of Companies in Hong Kong as a non-Hong Kong company under Part 16 of the Companies Ordinance on June 30, 2023 under the same address. Mr. CHUNG Ming Fai (鍾明輝) has been appointed as the authorized representative of our Company for the acceptance of service of process and notices on behalf of the Company in Hong Kong. The address for service of process is 40th Floor, Dah Sing Financial Centre, No. 248 Queen's Road East, Wanchai, Hong Kong.

As of the date of this Prospectus, our Company's head office was located at No. 30-4, Kaitai Avenue, Huangpu District, Guangzhou City, Guangdong Province, China.

2. Changes in Share Capital

On June 30, 2022, the Company completed issuance of 1,479,337 Series A Preferred Shares of a par value of US\$0.0005 to DMR VENTURE FUND, a sub fund of InvesPedia VCC.

On July 1, 2022, the Company completed issuance of 2,348,153 Series A Preferred Shares of a par value of US\$0.0005 to Hongkong Pony AI Limited.

On September 30, 2022, the Company completed issuance of 2,348,153 Series A Preferred Shares of a par value of US\$0.0005 to Hongkong Pony AI Limited.

On March 6, 2023, the Company completed issuance of 17,258,940 Series A Preferred Shares of a par value of US\$0.0005 to GAIG.

On May 9, 2023, the Company completed issuance of an aggregate of 15,656,323 Series A Preferred Shares of a par value of US\$0.0005 each to the following Shareholders:

Shareholders	Date on which Series A Preferred Shares were issued	Number of Series A Preferred Shares issued
Tencent Mobility Limited	May 9, 2023	7,396,688
Guangzhou Kechuang Hexing Equity Investment Partnership (Limited Partnership) (廣州科創合行股權投資合夥企業(有限合夥))	May 9, 2023	1,849,172
Guangzhou Kechuang Industrial Investment Fund Partnership (Limited Partnership) (廣 州科創產業投資基金合夥企業(有限合夥))	May 9, 2023	1,479,337
Guangzhou Guangshang Xinfu Industrial Investment Fund Partnership (Limited Partnership) (廣州廣商鑫富產業投資基金合 夥企業(有限合夥))	May 9, 2023	2,465,563
Guangzhou Industrial Control Mixed Reform Equity Investment Fund Partnership (Limited Partnership) (廣州工控混改股權投 資基金合夥企業(有限合夥))	May 9, 2023	2,465,563
Total		<u><u>15,656,323</u></u>

On June 20, 2023, the Company completed issuance of 4,696,306 Series A Preferred Shares of a par value of US\$0.0005 to Hongkong Pony AI Limited.

On September 26, 2023, the Company canceled 848,760 Ordinary Shares of a par value of US\$0.0005 originally held by Zhixing BVI.

On September 26, 2023, the Company completed issuance of an aggregate of 703,760 Ordinary Shares of a par value of US\$0.0005 to Zhixing Jovial I Limited and Zhixing Jovial II Limited.

On October 18, 2023, the Company completed issuance of an aggregate of 145,000 Ordinary Shares of a par value of US\$0.0005 to Ruqi Mobility(a) Limited, Ruqi Mobility(c) Limited, Ruqi Mobility(d) Limited and Ruqi Mobility(e) Limited.

On January 31, 2024, the Company completed issuance of 9,684,625 Series B Preferred Shares of a par value of US\$0.0005 to GAIG.

On February 5, 2024, the Company completed issuance of 328,515 Series B Preferred Shares of a par value of US\$0.0005 to Foshan Kaisheng No. 1 Equity Investment Partnership (Limited Partnership).

On February 6, 2024, the Company completed issuance of an aggregate of 3,268,725 Series B Preferred Shares of a par value of US\$0.0005 each to the following Shareholders:

Shareholders	Date on which Series B Preferred Shares were issued	Number of Series B Preferred Shares issued
Guangmintou New Energy Equity Investment (Foshan) Partnership (Limited Partnership)	February 6, 2024	2,611,695
Guangzhou Development Zone Hydrogen City Growth Industry Investment Fund Partnership (Limited Partnership)	February 6, 2024	657,030
Total		<u><u>3,268,725</u></u>

On February 21, 2024, the Company completed issuance of an aggregate of 2,603,482 Series B Preferred Shares of a par value of US\$0.0005 each to the following Shareholders:

Shareholders	Date on which Series B Preferred Shares were issued	Number of Series B Preferred Shares issued
Guangzhou Chentu Huajie Venture Capital Fund Partnership (Limited Partnership)	February 21, 2024	2,135,348
Shaoguan Rongyu Enterprise Management Co., Ltd.	February 21, 2024	468,134
Total		<u><u>2,603,482</u></u>

On March 6, 2024, the Company completed issuance of an aggregate of 4,294,479 Series B Preferred Shares of a par value of US\$0.0005 each to the following Shareholders:

Shareholders	Date on which Series B Preferred Shares were issued	Number of Series B Preferred Shares issued
Guangdong Ruihao No. 1 New Energy Equity Investment Partnership (Limited Partnership)	March 6, 2024	1,133,377
Guangdong Ruihao No. 2 New Energy Equity Investment Partnership (Limited Partnership)	March 6, 2024	377,792
Guangzhou Huiyin New Energy Equity Investment Partnership (Limited Partnership)	March 6, 2024	680,026
Guangzhou Jinglong Venture Capital Partnership (Limited Partnership)	March 6, 2024	657,030
Gongqingcheng Xinyi Ruian Investment Partnership (Limited Partnership)	March 6, 2024	927,201
Guangdong Hengxin Zhixing Equity Investment Partnership (Limited Partnership)	March 6, 2024	519,053
Total		<u><u>4,294,479</u></u>

On March 20, 2024, the Company completed issuance of an aggregate of 7,490,143 Series B Preferred Shares of a par value of US\$0.0005 each to the following Shareholders:

Shareholders	Date on which Series B Preferred Shares were issued	Number of Series B Preferred Shares issued
Shengrich Group Ltd	March 20, 2024	1,642,575
Chengdu Chiding Venture Capital Management Co., Ltd.	March 20, 2024	657,030
Hefei Gotion	March 20, 2024	<u>5,190,538</u>
Total		<u><u>7,490,143</u></u>

For more details, see “History, Reorganization and Corporate Structure”. Save as disclosed above, there has been no alteration in the authorized or issued share capital of our Company during the two years immediately preceding the date of this Prospectus.

3. Changes in the Share Capital of our Subsidiaries and Consolidated Affiliated Entities

A summary of the corporate information and the particulars of our principal subsidiaries are set out in note 1.3 to the Accountants' Report as set out in Appendix I to this Prospectus.

The following sets out the changes in the share capital of our subsidiaries and Consolidated Affiliated Entities that made a material contribution to our results of operations during the two years immediately preceding the date of this Prospectus. For details of our major subsidiaries and Consolidated Affiliated Entities, see "History, Reorganization and Corporate Structure – Our Major Subsidiaries and Consolidated Affiliated Entities."

Chenqi Mobility

On October 19, 2021, the registered capital of Chenqi Mobility was increased from US\$116,534,800 to US\$116,898,800.

On December 27, 2022, the registered capital of Chenqi Mobility was increased from US\$116,898,800 to US\$264,118,100.

On September 26, 2023, the registered capital of Chenqi Mobility was reduced from US\$264,118,100 to US\$263,754,100.

On November 8, 2023, the registered capital of Chenqi Mobility was increased from US\$263,754,100 to US\$300,000,000.

4. Resolutions of the Shareholders of our Company dated June 26, 2024

Resolutions were passed in the meeting of our Shareholders on June 26, 2024, pursuant to which, among other things:

- (1) the Memorandum and Articles of Association were approved and adopted with effect from the Listing Date;
- (2) conditional on: (a) the Listing Committee granting approval of the listing of, and permission to deal in, the Shares in issue and to be issued as mentioned in this Prospectus; (b) the Offer Price being duly determined among our Company and the Overall Coordinators (for themselves and on behalf of the Hong Kong Underwriters); and (c) the obligations of the Underwriters under the Underwriting Agreements becoming unconditional and not being terminated in accordance with the terms of the Underwriting Agreements or otherwise, in each case on or before the dates as may be specified in the Underwriting Agreements:
 - (a) each authorized issued and unissued Preferred Shares will be redesignated and re-classified into one Ordinary Share of a par value US\$0.0005 each of our Company;

- (b) the Global Offering was approved, and the proposed allotment and issue of the Offer Shares under the Global Offering were approved, and an executive Director of our Company from time to time (or a duly appointed attorney or solicitor for any such Director) was authorized to determine the Offer Price for, and to allot and issue the Offer Shares;
- (c) a general unconditional mandate was given to our Directors to exercise all powers of our Company to allot, issue and deal with Shares or securities convertible into Shares and to make or grant offers, agreements or options (including any warrants, bonds, notes and debentures conferring any rights to subscribe for or otherwise receive Shares) which might require Shares to be allotted and issued or dealt with subject to the requirement that the aggregate nominal value of the Shares so allotted and issued or agreed conditionally or unconditionally to be allotted and issued, otherwise than by way of the Global Offering, rights issue or pursuant to the exercise of any subscription rights attaching to any warrants which may be allotted and issued by the Company from time to time or, pursuant to the exercise of any options which may be granted under the allotment and issue of Shares in lieu of the whole or part of a dividend on Shares in accordance with the Articles of Association on a specific authority granted by our Shareholders in general meeting, shall not exceed 20% of the aggregate nominal value of the Shares in issue immediately following the completion of the Global Offering;
- (d) a general unconditional mandate (the “**Repurchase Mandate**”) was given to our Directors to exercise all powers of our Company to repurchase 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, such number of Shares as will represent up to 10% of the total number of Shares in issue immediately following the completion of the Global Offering; and
- (e) the Repurchase Mandate was extended by the addition to the aggregate nominal value of the Shares which may be allotted and issued or agreed to be allotted and issued by our Directors pursuant to such general mandate of an amount representing the aggregate nominal value of the Shares purchased by our Company pursuant to the mandate to purchase Shares referred to in paragraph (d) above (up to 10% of the aggregate nominal value of the Shares in issue immediately following the completion of the Global Offering).

Each of the general mandates referred to in paragraphs (c), (d), and (e) above will remain in effect until whichever is the earliest of:

- (i) 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;
- (ii) the expiration of the period within which our Company's next annual general meeting is required by the Articles of Association or any other applicable laws to be held; or
- (iii) the time when it is varied or revoked by an ordinary resolution of our Shareholders in general meeting.

5. Repurchase of Our Own Securities

The following paragraphs include, among others, certain information required by the Stock Exchange to be included in this Prospectus concerning the repurchase of our own securities.

(a) Provisions of the Listing Rules

The Listing Rules permit companies whose primary listing is on the Stock Exchange to repurchase their securities on the Stock Exchange subject to certain restrictions, the most important restrictions 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 a general meeting of the company duly convened and held, either by way of general mandate or by specific approval of a particular transaction.

Pursuant to a resolution passed by our Shareholders on June 26, 2024, the Repurchase Mandate was given to our Directors authorizing them to exercise all the 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, such number of Shares as will represent up to 10% of the total number of Shares in issue immediately following the completion of the Global Offering, with such mandate to expire at the earliest of (i) the conclusion of the next annual general meeting of our Company, (ii) the expiration of the period within which the next annual general meeting of our Company is required to be held by any applicable law or the Articles of Association, and (iii) the date when it is revoked or varied by an ordinary resolution of our Shareholders in general meeting.

(ii) Source of funds

Repurchases must be funded out of funds legally available for the purpose in accordance with the Memorandum and Articles of Association and the applicable Laws of Hong Kong and the Cayman Islands. A listed company may not repurchase 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 repurchases 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 repurchase or from sums standing to the credit of our share premium account or out of capital, if so authorized by the Articles of Association and subject to the Cayman Companies Act. Any premium payable on the repurchase over the par value of the shares to be repurchased 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 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 make a new issue of securities or announce a proposed new issue of 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 higher by 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 on the Stock Exchange 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 any broker appointed by it to effect a repurchase of securities shall disclose to the Stock Exchange such information with respect to the repurchase made on behalf of the company as the Stock Exchange may require.

(iv) Status of Repurchased Shares

The listing of all securities which are repurchased by a listed company (whether on the Stock Exchange or otherwise) shall be automatically canceled upon repurchase and the certificates of those securities must be canceled and destroyed. Under the laws of the Cayman Islands, unless, prior to the repurchase the Directors of the Company resolve to hold the shares repurchased by the Company as treasury shares, shares repurchased by the

Company shall be treated as canceled and the amount of the Company's issued share capital shall be diminished by the aggregate nominal or par value of those shares. However, the repurchase of shares will not be taken as reducing the amount of the authorized share capital under Cayman Islands law.

(v) Suspension of Repurchase

A listed company may not make any repurchase of securities at any time after inside information has come to its knowledge until the information is 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), and ending on the date of the results announcement, 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 business day. In addition, a listed company's 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/its securities to the company on the Stock Exchange.

(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 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 from sums standing to the credit of our share premium account or, if authorized by the 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 Articles of Association and subject to the Cayman Companies Act, out of capital.

However, our Directors do not propose to exercise the general mandate to such an extent as would, in the circumstances, have a material adverse effect on the working capital requirements of the Company or its gearing levels which, in the opinion of our Directors, are from time to time appropriate for the Company.

(d) General

The exercise in full of the Repurchase Mandate, on the basis of 204,113,852 Shares in issue immediately following the completion of the Global Offering (assuming the Share Cancellation has been completed and all Preferred Shares have been converted into the Shares on a one-to-one basis immediately upon the completion of the Global Offering) could accordingly result in up to approximately 20,411,385 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 otherwise 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 Articles of Association or any other applicable laws to be held; or
- the time when it is varied or revoked by an ordinary resolution of our Shareholders in general meeting.

None of our Directors nor, to the best of their knowledge having made all reasonable inquiries, any of their close associates currently intends to sell any Shares to our Company.

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.

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 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 granted other than in exceptional circumstances. Our Directors have no present intention to exercise the Repurchase Mandate to such an extent that, in the circumstances, there is insufficient public float as prescribed under the Listing Rules.

No core connected person of our Company has notified our Company that they have a present intention to sell Shares to our Company, or have undertaken not to do so, if the Repurchase Mandate is exercised.

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 Prospectus and are or may be material:

- (1) the series B preferred share and warrant subscription agreement dated September 30, 2022 entered into among our Company, Chenqi BVI, Chenqi Hong Kong, Chenqi Mobility, Chenqi Automobile, Qichen Technology, Guangzhou Hose Factory Co., Ltd. (廣州膠管廠有限公司), Guangzhou Development Zone Hydrogen City Growth Industry Investment Fund Partnership (Limited Partnership) (廣州開發區氫城成長產業投資基金合夥企業(有限合夥)), Jinggangshan Zhongqi Jiugao Equity Investment Partnership (Limited Partnership) (井岡山中汽九皋股權投資合夥企業(有限合夥)), Guangzhou Chentu Huajie Venture Capital Fund Partnership (Limited Partnership) (廣州辰途華傑創業投資基金合夥企業(有限合夥)), Guangzhou Jinglong Venture Capital Partnership (Limited Partnership) (廣州環瓏創業投資合夥

企業(有限合夥)), Gongqingcheng Xinyi Ruian Investment Partnership (Limited Partnership) (共青城新意睿安投資合夥企業(有限合夥)), Chengdu Chiding Venture Capital Management Co., Ltd. (成都赤鼎創業投資管理有限公司), Shaoguan Rongyu Enterprise Management Co., Ltd. (韶關市融譽企業管理有限公司), Guangzhou Huiyin New Energy Equity Investment Partnership (Limited Partnership) (廣州匯垠新能源股權投資合夥企業(有限合夥)) and Foshan Kaisheng No. 1 Equity Investment Partnership (Limited Partnership) (佛山凱盛壹號股權投資合夥企業(有限合夥)), pursuant to which our Company agreed to issue and sell certain warrants to purchase Series B Preferred Shares of our Company;

- (2) the investment opportunity agreement dated September 30, 2022 entered into between Chenqi Mobility and Guangzhou Huiyin New Energy Equity Investment Partnership (Limited Partnership) (廣州匯垠新能源股權投資合夥企業(有限合夥)) (“**Guangzhou Huiyin New Energy**”), pursuant to which Guangzhou Huiyin New Energy agreed on the investment opportunity in our Company;
- (3) the investment opportunity agreement dated September 30, 2022 entered into between Chenqi Mobility and Guangzhou Development Zone Hydrogen City Growth Industry Investment Fund Partnership (Limited Partnership) (廣州開發區氫城成長產業投資基金合夥企業(有限合夥)) (“**Guangzhou Development Zone Hydrogen City**”), pursuant to which Guangzhou Development Zone Hydrogen City agreed on the investment opportunity in our Company;
- (4) the investment opportunity agreement dated September 30, 2022 entered into between Chenqi Mobility and Guangzhou Chentu Huajie Venture Capital Fund Partnership (Limited Partnership) (廣州辰途華傑創業投資基金合夥企業(有限合夥)) (“**Guangzhou Chentu Huajie**”), pursuant to which Guangzhou Chentu Huajie agreed on the investment opportunity in our Company;
- (5) the investment opportunity agreement dated September 30, 2022 entered into between Chenqi Mobility and Guangzhou Hose Factory Co., Ltd. (廣州膠管廠有限公司) (“**Guangzhou Hose Factory**”), pursuant to which Guangzhou Hose Factory agreed on the investment opportunity in our Company;
- (6) the investment opportunity agreement dated September 30, 2022 entered into between Chenqi Mobility and Guangzhou Jinglong Venture Capital Partnership (Limited Partnership) (廣州璟瓏創業投資合夥企業(有限合夥)) (“**Guangzhou Jinglong**”), pursuant to which Guangzhou Jinglong agreed on the investment opportunity in our Company;
- (7) the investment opportunity agreement dated September 30, 2022 entered into between Chenqi Mobility and Gongqingcheng Xinyi Ruian Investment Partnership (Limited Partnership) (共青城新意睿安投資合夥企業(有限合夥)) (“**Gongqingcheng Xinyi Ruian**”), pursuant to which Gongqingcheng Xinyi Ruian agreed on the investment opportunity in our Company;

- (8) the investment opportunity agreement dated September 30, 2022 entered into between Chenqi Mobility and Chengdu Chiding Venture Capital Management Co., Ltd. (成都赤鼎創業投資管理有限公司) (“**Chengdu Chiding**”), pursuant to which Chengdu Chiding agreed on the investment opportunity in our Company;
- (9) the investment opportunity agreement dated September 30, 2022 entered into between Chenqi Mobility and Shaoguan Rongyu Enterprise Management Co., Ltd. (韶關市融譽企業管理有限公司) (“**Shaoguan Rongyu**”), pursuant to which Shaoguan Rongyu agreed on the investment opportunity in our Company;
- (10) the investment opportunity agreement dated September 30, 2022 entered into between Chenqi Mobility and Foshan Kaisheng No. 1 Equity Investment Partnership (Limited Partnership) (佛山凱盛壹號股權投資合夥企業(有限合夥)) (“**Foshan Kaisheng No. 1**”), pursuant to which Foshan Kaisheng No. 1 agreed on the investment opportunity in our Company;
- (11) the series B preferred share and warrant subscription agreement dated February 2, 2023 entered into among our Company, Chenqi BVI, Chenqi Hong Kong, Chenqi Mobility, Chenqi Automobile, Qichen Technology, Guangdong Ruihao No.1 New Energy Equity Investment Partnership (Limited Partnership) (廣東瑞浩一號新能源股權投資合夥企業(有限合夥)), Guangdong Ruihao No. 2 New Energy Equity Investment Partnership (Limited Partnership) (廣東瑞浩二號新能源股權投資合夥企業(有限合夥)) and Guangmintou New Energy Equity Investment (Foshan) Partnership (Limited Partnership) (廣民投新能源股權投資(佛山)合夥企業(有限合夥)), pursuant to which our Company agreed to issue and sell certain warrants to purchase Series B Preferred Shares of our Company;
- (12) the investment opportunity agreement dated February 2, 2023 entered into between Chenqi Mobility and Guangdong Ruihao No. 1 New Energy Equity Investment Partnership (Limited Partnership) (廣東瑞浩一號新能源股權投資合夥企業(有限合夥)) (“**Guangdong Ruihao No. 1**”), pursuant to which Guangdong Ruihao No. 1 agreed on the investment opportunity in our Company;
- (13) the investment opportunity agreement dated February 2, 2023 entered into between Chenqi Mobility and Guangdong Ruihao No. 2 New Energy Equity Investment Partnership (Limited Partnership) (廣東瑞浩二號新能源股權投資合夥企業(有限合夥)) (“**Guangdong Ruihao No. 2**”), pursuant to which Guangdong Ruihao No. 2 agreed on the investment opportunity in our Company;
- (14) the investment opportunity agreement dated February 2, 2023 entered into between Chenqi Mobility and Guangmintou New Energy Equity Investment (Foshan) Partnership (Limited Partnership) (廣民投新能源股權投資(佛山)合夥企業(有限合夥)) (“**Guangmintou New Energy**”), pursuant to which Guangmintou New Energy agreed on the investment opportunity in our Company;

- (15) the series A preferred share subscription agreement dated April 23, 2023 entered into among our Company, Chenqi BVI, Chenqi Hong Kong, Chenqi Mobility, Chenqi Automobile, Qichen Technology and Hongkong Pony AI Limited, pursuant to which our Company agreed to issue and sell and Hongkong Pony AI Limited agreed to subscribe for and purchase 4,696,306 series A preferred shares;
- (16) the series B preferred share and warrant subscription agreement dated April 28, 2023 entered into among our Company, Chenqi BVI, Chenqi Hong Kong, Chenqi Mobility, Chenqi Automobile, Qichen Technology and Guangdong Hengxin Zhixing Equity Investment Partnership (Limited Partnership) (廣東恒新智行股權投資合夥企業(有限合夥)), pursuant to which our Company agreed to issue and sell a warrant to purchase Series B Preferred Shares of our Company;
- (17) the investment opportunity agreement dated April 28, 2023 entered into between Chenqi Mobility and Guangdong Hengxin Zhixing Equity Investment Partnership (Limited Partnership) (廣東恒新智行股權投資合夥企業(有限合夥)) (“**Guangdong Hengxin Zhixing**”), pursuant to which Guangdong Hengxin Zhixing agreed on the investment opportunity in our Company;
- (18) the series B preferred share and warrant subscription agreement dated July 30, 2023 entered into among our Company, Chenqi BVI, Chenqi Hong Kong, Chenqi Mobility, Chenqi Automobile, Qichen Technology and GAIG, pursuant to which our Company agreed to issue and sell a warrant to purchase Series B Preferred Shares of our Company;
- (19) the series B preferred share and warrant subscription agreement dated August 8, 2023 entered into among our Company, Chenqi BVI, Chenqi Hong Kong, Chenqi Mobility, Chenqi Automobile, Qichen Technology and Hefei Gotion High-Tech Power Energy Co., Ltd. (合肥國軒高科動力能源有限公司) (“**Hefei Gotion**”), pursuant to which our Company agreed to issue and sell a warrant to purchase Series B Preferred Shares of our Company;
- (20) the investment opportunity agreement dated August 8, 2023 entered into between Chenqi Mobility and Hefei Gotion, pursuant to which Hefei Gotion agreed on the investment opportunity in our Company;
- (21) the supplement to series B preferred share and warrant subscription agreement dated August 11, 2023 entered into among our Company, Chenqi BVI, Chenqi Hong Kong, Chenqi Mobility, Chenqi Automobile, Qichen Technology and Guangzhou Hose Factory, pursuant to which the parties therein agreed on certain matters of the investment;
- (22) the supplemental agreement to the investment opportunity agreement dated August 11, 2023 entered into between Chenqi Mobility and Guangzhou Hose Factory, pursuant to which the parties therein agreed on certain matters of the investment;

- (23) the second supplemental agreement to the investment opportunity agreement dated August 14, 2023 entered into between Chenqi Mobility, Guangzhou Hose Factory and Shenzhen Xinrui Fengsheng Management Consulting Partnership (Limited Partnership) (深圳市鑫睿豐盛管理諮詢合夥企業(有限合夥)) (“**Shenzhen Xinrui Fengsheng**”), pursuant to which the parties therein agreed on certain matters of the investment;
- (24) the supplement to series B preferred share and warrant subscription agreement dated August 11, 2023 entered into among our Company, Chenqi BVI, Chenqi Hong Kong, Chenqi Mobility, Chenqi Automobile, Qichen Technology and Guangzhou Development Zone Hydrogen City, pursuant to which the parties therein agreed on certain matters of the investment;
- (25) the supplemental agreement to the investment opportunity agreement dated August 11, 2023 entered into between Chenqi Mobility and Guangzhou Development Zone Hydrogen City, pursuant to which the parties therein agreed on certain matters of the investment;
- (26) the supplement to series B preferred share and warrant subscription agreement dated August 11, 2023 entered into among our Company, Chenqi BVI, Chenqi Hong Kong, Chenqi Mobility, Chenqi Automobile, Qichen Technology and Guangzhou Chentu Huajie, pursuant to which the parties therein agreed on certain matters of the investment;
- (27) the supplemental agreement to the investment opportunity agreement dated August 11, 2023 entered into between Chenqi Mobility and Guangzhou Chentu Huajie, pursuant to which the parties therein agreed on certain matters of the investment;
- (28) the supplement to series B preferred share and warrant subscription agreement dated August 11, 2023 entered into among our Company, Chenqi BVI, Chenqi Hong Kong, Chenqi Mobility, Chenqi Automobile, Qichen Technology and Guangzhou Jinglong, pursuant to which the parties therein agreed on certain matters of the investment;
- (29) the supplemental agreement to the investment opportunity agreement dated August 11, 2023 entered into between Chenqi Mobility and Guangzhou Jinglong, pursuant to which the parties therein agreed on certain matters of the investment;
- (30) the supplement to series B preferred share and warrant subscription agreement dated August 11, 2023 entered into among our Company, Chenqi BVI, Chenqi Hong Kong, Chenqi Mobility, Chenqi Automobile, Qichen Technology and Gongqingcheng Xinyi Ruian, pursuant to which the parties therein agreed on certain matters of the investment;

- (31) the supplemental agreement to the investment opportunity agreement dated August 11, 2023 entered into between Chenqi Mobility and Gongqingcheng Xinyi Ruian, pursuant to which the parties therein agreed on certain matters of the investment;
- (32) the supplement to series B preferred share and warrant subscription agreement dated August 11, 2023 entered into among our Company, Chenqi BVI, Chenqi Hong Kong, Chenqi Mobility, Chenqi Automobile, Qichen Technology and Chengdu Chiding, pursuant to which the parties therein agreed on certain matters of the investment;
- (33) the supplemental agreement to the investment opportunity agreement dated August 11, 2023 entered into between Chenqi Mobility and Chengdu Chiding, pursuant to which the parties therein agreed on certain matters of the investment;
- (34) the supplement to series B preferred share and warrant subscription agreement dated August 11, 2023 entered into among our Company, Chenqi BVI, Chenqi Hong Kong, Chenqi Mobility, Chenqi Automobile, Qichen Technology and Shaoguan Rongyu, pursuant to which the parties therein agreed on certain matters of the investment;
- (35) the supplemental agreement to the investment opportunity agreement dated August 11, 2023 entered into between Chenqi Mobility and Shaoguan Rongyu, pursuant to which the parties therein agreed on certain matters of the investment;
- (36) the supplement to series B preferred share and warrant subscription agreement dated August 11, 2023 entered into among our Company, Chenqi BVI, Chenqi Hong Kong, Chenqi Mobility, Chenqi Automobile, Qichen Technology and Guangzhou Huiyin New Energy, pursuant to which the parties therein agreed on certain matters of the investment;
- (37) the supplemental agreement to the investment opportunity agreement dated August 11, 2023 entered into between Chenqi Mobility and Guangzhou Huiyin New Energy, pursuant to which the parties therein agreed on certain matters of the investment;
- (38) the supplement to the series B preferred share and warrant subscription agreement dated August 11, 2023 entered into among our Company, Chenqi BVI, Chenqi Hong Kong, Chenqi Mobility, Chenqi Automobile, Qichen Technology and Foshan Kaisheng No. 1, pursuant to which the parties therein agreed on certain matters of the investment;
- (39) the supplemental agreement to the investment opportunity agreement dated August 11, 2023 entered into between Chenqi Mobility and Foshan Kaisheng No. 1, pursuant to which the parties therein agreed on certain matters of the investment;
- (40) the supplemental agreement to the investment opportunity agreement dated August 11, 2023 entered into between Chenqi Mobility and Guangdong Ruihao No. 1, pursuant to which the parties therein agreed on certain matters of the investment;

- (41) the supplement to series B preferred share and warrant subscription agreement dated August 11, 2023 entered into among our Company, Chenqi BVI, Chenqi Hong Kong, Chenqi Mobility, Chenqi Automobile, Qichen Technology and Guangdong Ruihao No. 2, pursuant to which the parties therein agreed on certain matters of the investment;
- (42) the supplemental agreement to the investment opportunity agreement dated August 11, 2023 entered into between Chenqi Mobility and Guangdong Ruihao No. 2, pursuant to which the parties therein agreed on certain matters of the investment;
- (43) the supplement to series B preferred share and warrant subscription agreement dated August 11, 2023 entered into among our Company, Chenqi BVI, Chenqi Hong Kong, Chenqi Mobility, Chenqi Automobile, Qichen Technology and Guangmintou New Energy, pursuant to which the parties therein agreed on certain matters of the investment;
- (44) the supplemental agreement to the investment opportunity agreement dated August 11, 2023 entered into between Chenqi Mobility and Guangmintou New Energy, pursuant to which the parties therein agreed on certain matters of the investment;
- (45) the supplement to the series B preferred share and warrant subscription agreement dated August 11, 2023 entered into among our Company, Chenqi BVI, Chenqi Hong Kong, Chenqi Mobility, Chenqi Automobile, Qichen Technology and Guangdong Ruihao No. 1, pursuant to which the parties therein agreed on certain matters of the investment;
- (46) the investment opportunity agreement dated August 14, 2023 entered into between Chenqi Mobility and GAIG, pursuant to which GAIG agreed on the investment opportunity in our Company;
- (47) the supplemental agreement to the investment opportunity agreement dated August 17, 2023 entered into between Chenqi Mobility and Guangdong Hengxin Zhixing, pursuant to which the parties agreed on certain matters of the investment;
- (48) the third amended and restated shareholders agreement of Chenqi Technology Limited dated March 29, 2024 entered into among our Company, Chenqi BVI, Chenqi Hong Kong, Chenqi Mobility, Chenqi Automobile, Qichen Technology, China Lounge Investments Limited, Tencent Mobility Limited, Guangzhou Public Transport Group Co., Ltd. (廣州市公共交通集團有限公司), Jovial Lane Limited, Redmount Investments Limited, Da Yi Investment Co., Limited, China Drive Investment Limited, Zhixing On Time Limited, Zhixing Jovial I Limited, Zhixing Jovial II Limited, Ruqi Mobility(a) Limited, Ruqi Mobility(b) Limited, Ruqi Mobility(c) Limited, Ruqi Mobility(d) Limited, Ruqi Mobility(e) Limited, Han Feng, Guangzhou Automobile Industry Group Co., Ltd. (廣州汽車工業集團有限公司), SMBC Trust Bank Ltd. acting as trustee of Mirai Creation Fund II, DMR

VENTURE FUND, a sub fund of InvesPedia VCC, Guangzhou Kechuang Hexing Equity Investment Partnership (Limited Partnership) (廣州科創合行股權投資合夥企業(有限合夥)), Guangzhou Kechuang Industrial Investment Fund Partnership (Limited Partnership) (廣州科創產業投資基金合夥企業(有限合夥)), Guangzhou Guangshang Xinfu Industrial Investment Fund Partnership (Limited Partnership) (廣州廣商鑫富產業投資基金合夥企業(有限合夥)), Guangzhou Industrial Control Mixed Reform Equity Investment Fund Partnership (Limited Partnership) (廣州工控混改股權投資基金合夥企業(有限合夥)), Hongkong Pony AI Limited, Guangzhou Development Zone Hydrogen City Growth Industry Investment Fund Partnership (Limited Partnership) (廣州開發區氫城成長產業投資基金合夥企業(有限合夥)), Guangzhou Chentu Huajie Venture Capital Fund Partnership (Limited Partnership) (廣州辰途華傑創業投資基金合夥企業(有限合夥)), Guangzhou Jinglong Venture Capital Partnership (Limited Partnership) (廣州瓊瓏創業投資合夥企業(有限合夥)), Gongqingcheng Xinyi Ruian Investment Partnership (Limited Partnership) (共青城新意睿安投資合夥企業(有限合夥)), Chengdu Chiding Venture Capital Management Co., Ltd. (成都赤鼎創業投資管理有限公司), Shaoguan Rongyu Enterprise Management Co., Ltd. (韶關市融譽企業管理有限公司), Guangzhou Huiyin New Energy Equity Investment Partnership (Limited Partnership) (廣州匯垠新能源股權投資合夥企業(有限合夥)), Foshan Kaisheng No. 1 Equity Investment Partnership (Limited Partnership) (佛山凱盛壹號股權投資合夥企業(有限合夥)), Guangdong Ruihao No. 1 New Energy Equity Investment Partnership (Limited Partnership) (廣東瑞浩一號新能源股權投資合夥企業(有限合夥)), Guangdong Ruihao No. 2 New Energy Equity Investment Partnership (Limited Partnership) (廣東瑞浩二號新能源股權投資合夥企業(有限合夥)), Guangmintou New Energy Equity Investment (Foshan) Partnership (Limited Partnership) (廣民投新能源股權投資(佛山)合夥企業(有限合夥)), Guangdong Hengxin Zhixing Equity Investment Partnership (Limited Partnership) (廣東恒新智行股權投資合夥企業(有限合夥)), Hefei Gotion High-Tech Power Energy Co., Ltd. (合肥國軒高科動力能源有限公司), Shengrich Group Ltd, pursuant to which the parties thereto agreed on shareholders' matters;

- (49) the cornerstone investment agreement dated June 26, 2024 entered into among our Company, GAIG, China International Capital Corporation Hong Kong Securities Limited, Huatai Financial Holdings (Hong Kong) Limited and ABCI Capital Limited, details of which are included in the section headed “Cornerstone Investors” in this Prospectus;
- (50) the cornerstone investment agreement dated June 26, 2024 entered into among our Company, Hongkong Pony AI Limited, China International Capital Corporation Hong Kong Securities Limited, Huatai Financial Holdings (Hong Kong) Limited and ABCI Capital Limited, details of which are included in the section headed “Cornerstone Investors” in this Prospectus;

- (51) the cornerstone investment agreement dated June 24, 2024 entered into among our Company, Voyager Group Inc., China International Capital Corporation Hong Kong Securities Limited, Huatai Financial Holdings (Hong Kong) Limited and ABCI Capital Limited, details of which are included in the section headed “Cornerstone Investors” in this Prospectus;
- (52) the cornerstone investment agreement dated June 26, 2024 entered into among our Company, WeRide Inc., China International Capital Corporation Hong Kong Securities Limited, Huatai Financial Holdings (Hong Kong) Limited and ABCI Capital Limited, details of which are included in the section headed “Cornerstone Investors” in this Prospectus; and
- (53) the Hong Kong Underwriting Agreement.

The following contracts under the Contractual Arrangements have been entered into by members of our Group:

- (1) the exclusive technical consultancy service agreement (獨家技術諮詢服務協議) dated July 10, 2019 entered into between Qichen Technology and Chenqi Mobility, details of which are provided in “Contractual Arrangements” of this Prospectus;
- (2) the business operation agreement (業務經營協議) dated July 10, 2019 entered into between Chenqi Mobility, Qichen Technology and the Registered Shareholders, details of which are provided in “Contractual Arrangements” of this Prospectus;
- (3) the exclusive option agreement (獨家購買權協議) dated July 10, 2019 entered into between Chenqi Mobility, Qichen Technology and the Registered Shareholders, details of which are provided in “Contractual Arrangements” of this Prospectus;
- (4) the shareholder rights entrustment agreement (股東權利委託協議) dated July 10, 2019 entered into between Chenqi Mobility, Qichen Technology and the Registered Shareholders, details of which are provided in “Contractual Arrangements” of this Prospectus;
- (5) the equity interest pledge agreement (股權質押協議) dated July 10, 2019 entered into between Chenqi Mobility, Qichen Technology and the Registered Shareholders, details of which are provided in “Contractual Arrangements” of this Prospectus;
- (6) the supplemental agreement to the exclusive technical consultancy service agreement (獨家技術諮詢服務協議補充協議) dated August 11, 2023 entered into between Qichen Technology and Chenqi Mobility, details of which are provided in “Contractual Arrangements” of this Prospectus;



- (7) the supplemental agreement to the business operation agreement (業務經營協議補充協議) dated August 11, 2023 entered into between Chenqi Mobility, Qichen Technology and the Registered Shareholders, details of which are provided in “Contractual Arrangements” of this Prospectus;
- (8) the supplemental agreement to the exclusive option agreement (獨家購買權協議補充協議) dated August 11, 2023 entered into between Chenqi Mobility, Qichen Technology and the Registered Shareholders, details of which are provided in “Contractual Arrangements” of this Prospectus;
- (9) the supplemental agreement to the shareholder rights entrustment agreement (股東權利委託協議補充協議) dated August 11, 2023 entered into between Chenqi Mobility, Qichen Technology and the Registered Shareholders, details of which are provided in “Contractual Arrangements” of this Prospectus; and
- (10) the supplemental agreement to the equity interest pledge agreement (股權質押協議補充協議) dated August 11, 2023 entered into between Chenqi Mobility, Qichen Technology and the Registered Shareholders, details of which are provided in “Contractual Arrangements” of this Prospectus.

2. Intellectual Property Rights














As of the Latest Practicable Date, we have registered or have applied for the registration of the following intellectual property rights which are material in relation to our business.









(a) Trademarks

As of the Latest Practicable Date, we had registered the following trademarks which we consider to be or may be material to our business:







No.	Trademark	Registered owner	Class(es)	Place of registration	Registered number	Registration date	Expiry date
1.		Chenqi Mobility	39	PRC	36922393	February 7, 2020	February 6, 2030
2.		Chenqi Mobility	39	PRC	36941925	August 14, 2020	August 13, 2030
3.	如祺出行	Chenqi Mobility	9	PRC	39767313	June 14, 2020	June 13, 2030
4.	如祺出行	Chenqi Mobility	12	PRC	39777992	April 14, 2020	April 13, 2030
5.	如祺出行	Chenqi Mobility	36	PRC	39770789	April 14, 2020	April 13, 2030

No.	Trademark	Registered owner	Class(es)	Place of registration	Registered number	Registration date	Expiry date
6.	如祺出行	Chenqi Mobility	39	PRC	39788554	October 21, 2020	October 20, 2030
7.	如祺出行	Chenqi Mobility	42	PRC	39790065	April 14, 2020	April 13, 2030
8.	如祺出行	Chenqi Mobility	45	PRC	39788562	April 14, 2020	April 13, 2030
9.	如祺出行	Chenqi Mobility	37	PRC	39770794	December 7, 2021	December 6, 2031
10.	如祺出行	Chenqi Mobility	38	PRC	39788550	December 7, 2021	December 6, 2031
11.	如祺出行	Chenqi Mobility	41	PRC	39781159	March 14, 2021	March 13, 2031
12.		Chenqi Mobility	9	PRC	39828894	June 21, 2021	June 20, 2031
13.	如祺车服	Chenqi Mobility	9	PRC	43731488	October 7, 2020	October 6, 2030
14.	如祺车服	Chenqi Mobility	12	PRC	43714565	September 21, 2020	September 20, 2030
15.		Chenqi Mobility	38	PRC	52831610	October 14, 2021	October 13, 2031
16.		Chenqi Mobility	45	PRC	52833119	October 28, 2021	October 27, 2031
17.		Chenqi Mobility	12	PRC	52856936	July 7, 2022	July 6, 2032
18.		Chenqi Mobility	36	PRC	52838835	August 14, 2022	August 13, 2032
19.		Chenqi Mobility	9	PRC	59230935	April 14, 2022	April 13, 2032
20.		Chenqi Mobility	12	PRC	59256401	March 14, 2022	March 13, 2032
21.		Chenqi Mobility	36	PRC	59256448	March 7, 2022	March 6, 2032
22.		Chenqi Mobility	37	PRC	59232398	March 7, 2022	March 6, 2032
23.		Chenqi Mobility	37	PRC	59247648	March 7, 2022	March 6, 2032
24.		Chenqi Mobility	38	PRC	59257276	March 7, 2022	March 6, 2032
25.		Chenqi Mobility	39	PRC	59240026	March 7, 2022	March 6, 2032

No.	Trademark	Registered owner	Class(es)	Place of registration	Registered number	Registration date	Expiry date
26.		Chenqi Mobility	9	PRC	59259375	August 14, 2022	August 13, 2032
27.		Chenqi Mobility	36	PRC	59260583	August 7, 2022	August 6, 2032
28.		Chenqi Mobility	38	PRC	59235677	August 14, 2022	August 13, 2032
29.		Chenqi Mobility	39	PRC	59244637	September 7, 2022	September 6, 2032
30.		Chenqi Mobility	42	PRC	59232720	September 7, 2022	September 6, 2032
31.		Chenqi Mobility	42	PRC	59256035	September 7, 2022	September 6, 2032
32.		Chenqi Mobility	35	PRC	61451925	June 28, 2022	June 27, 2032
33.		Chenqi Mobility	41	PRC	61459765	July 7, 2022	July 6, 2032
34.		Chenqi Mobility	37	PRC	62348452	August 28, 2022	August 27, 2032
35.		Chenqi Mobility	12	PRC	59257626	December 7, 2022	December 6, 2032
36.		Chenqi Mobility	41	PRC	59254645	January 14, 2023	January 13, 2033
37.	如祺出行 美好总是如期而至	Chenqi Mobility	9	PRC	43794822	October 7, 2020	October 6, 2030
38.	如祺出行 美好总是如期而至	Chenqi Mobility	39	PRC	43804617	April 28, 2021	April 27, 2031
39.		Our Company	9, 39, 42	Hong Kong	306180912	March 1, 2023	February 28, 2033
40.		Our Company	9, 39, 42	Hong Kong	306180921	March 1, 2023	February 28, 2033

No.	Trademark	Registered owner	Class(es)	Place of registration	Registered number	Registration date	Expiry date
41.		Our Company	9, 39, 42	Hong Kong	306180930	March 1, 2023	February 28, 2033
42.		Our Company	9, 39, 42	Hong Kong	306180949	March 1, 2023	February 28, 2033
43.		Chenqi Mobility	35	PRC	67794580	December 21, 2023	December 20, 2033
44.		Chenqi Mobility	36	PRC	67815149	December 21, 2023	December 20, 2033
45.		Chenqi Mobility	38	PRC	67811271	December 21, 2023	December 20, 2033
46.		Chenqi Mobility	39	PRC	67792392	December 21, 2023	December 20, 2033
47.		Chenqi Mobility	45	PRC	67811439	December 21, 2023	December 20, 2033
48.		Chenqi Mobility	37	PRC	67811239	April 21, 2024	April 20, 2034

As of the Latest Practicable Date, we had applied for the registration of the following trademarks which we consider to be or may be material to our business:

No.	Trademark	Applicant	Class(es)	Place of application	Application number	Application date
1.		Chenqi Mobility	9	PRC	67812726	October 18, 2022
2.		Chenqi Mobility	12	PRC	67808462	October 18, 2022
3.		Chenqi Mobility	41	PRC	67812744	October 18, 2022
4.		Chenqi Mobility	42	PRC	67812762	October 18, 2022
5.		Chenqi Mobility	25	PRC	71715118	May 22, 2023
6.		Chenqi Mobility	28	PRC	71728206	May 22, 2023

(b) Patents

As of the Latest Practicable Date, we had registered the following patents which we consider to be or may be material to our business:

No.	Patent name	Type	Patentee	Place of registration	Patent number	Grant date	Expiry date
1.	A method and system for visualizing the behavior of online car-hailing drivers (一種網約車司機行為可視化的方法和系統)	Invention patent	Chenqi Mobility	PRC	2020109564363	May 18, 2021	September 10, 2040
2.	A driver-passenger communication method and system based on personal privacy and confidentiality (一種基於個人隱私保密的司乘通訊方法及系統)	Invention patent	Chenqi Mobility	PRC	2020109554906	June 4, 2021	September 10, 2040
3.	Method and system for rounding corners of mobile images (一種移動端圖片圓角化處理的方法和系統)	Invention patent	Chenqi Mobility	PRC	202010956433X	February 8, 2022	September 10, 2040
4.	A method and system for navigating in a weak network environment based on intelligent dead reckoning (一種基於智能航跡推算的弱網環境導航的方法及系統)	Invention patent	Chenqi Mobility	PRC	2020109554982	November 4, 2022	September 10, 2040
5.	A method, system and storage medium for realizing virtual navigation through positioning interception (一種通過定位攔截實現虛擬導航的方法、系統及存儲介質)	Invention patent	Chenqi Mobility	PRC	2020110172118	June 24, 2022	September 23, 2040

No.	Patent name	Type	Patentee	Place of registration	Patent number	Grant date	Expiry date
6.	A method and system for grayscale publishing through the cloud (一種通過雲端進行灰度發佈的方法和系統)	Invention patent	Chenqi Mobility	PRC	2020110488572	March 16, 2021	September 28, 2040
7.	A method, device and electronic equipment for detecting abnormal driving behavior of a driver (一種檢測司機異常駕駛行為的方法、裝置及電子設備)	Invention patent	Chenqi Mobility	PRC	2020110548817	September 30, 2022	September 28, 2040
8.	A method and system for intelligent monitoring of travel safety based on voice AI (一種基於語音AI的行程安全智能監控的方法及系統)	Invention patent	Chenqi Mobility	PRC	2020110699234	January 22, 2021	October 8, 2040
9.	A method and system for preventing Android applications from being hijacked by sandboxes (一種防止Android應用被沙盒劫持的方法及系統)	Invention patent	Chenqi Mobility	PRC	2020110698034	February 9, 2021	October 8, 2040
10.	A method and system for visualizing the supply and demand relationship of regional real-time orders and shipping capacity (一種區域實時訂單與運力的供需關係可視化方法和系統)	Invention patent	Chenqi Mobility	PRC	2020111305723	March 26, 2021	October 20, 2040
11.	A method and system for creating an order when the network is unstable (一種在網路不穩定時的訂單創建方法和系統)	Invention patent	Chenqi Mobility	PRC	2020111360218	February 2, 2021	October 21, 2040

No.	Patent name	Type	Patentee	Place of registration	Patent number	Grant date	Expiry date
12.	A method and device for correcting recommended points for getting on and off the car based on the sound of closing the car door (一種基於關閉車門聲音進行上下車推薦點校正的方法及裝置)	Invention patent	Chenqi Mobility	PRC	2021103129885	October 18, 2022	March 23, 2041
13.	A Data Access Method Based on Array Linked List Queue Structure (一種基於數組鏈表式隊列結構的數據存取方法)	Invention patent	Chenqi Mobility	PRC	2021103304719	July 20, 2021	March 28, 2041
14.	An interface-integrated driver identity authentication method and device (一種接口整合的駕駛員身份認證方法及裝置)	Invention patent	Chenqi Mobility	PRC	2021103420141	December 6, 2022	March 29, 2041
15.	A dynamic update method and system for boarding points in public places (一種用於公共場所上車點的動態的更新方法及系統)	Invention patent	Chenqi Mobility	PRC	2021103524653	September 2, 2022	March 30, 2041
16.	A method, system, storage medium and electronic device for recommending a car-hailing drop-off point (一種網約車下車點的推薦方法、系統、存儲介質及電子設備)	Invention patent	Chenqi Mobility	PRC	2021104773348	March 25, 2022	April 28, 2041

No.	Patent name	Type	Patentee	Place of registration	Patent number	Grant date	Expiry date
17.	A method, device, and electronic device for recommending a better boarding point based on current positioning (一種基於當前定位的更優上車點推薦方法、裝置及電子設備)	Invention patent	Chenqi Mobility	PRC	202110579413X	December 20, 2022	May 25, 2041
18.	A statistical storage method, device and application of regional orders and driver heat (一種區域訂單和司機熱力的統計儲存方法、裝置及應用)	Invention patent	Chenqi Mobility	PRC	2021105966244	May 3, 2022	May 30, 2041
19.	A dynamic index-based high-performance fence judgment method, device and electronic equipment for travel business (一種針對出行業務的基於動態索引的高性能圍欄判斷方法、裝置及電子設備)	Invention patent	Chenqi Mobility	PRC	2021106056068	February 8, 2022	May 30, 2041
20.	A data synchronization verification method and device (一種數據同步校驗方法、裝置)	Invention patent	Chenqi Mobility	PRC	2021106165811	October 22, 2021	June 2, 2041
21.	A method and device for efficiently synchronizing real-time data to ClickHouse based on flink (基於flink的高效同步實時數據到ClickHouse的方法及裝置)	Invention patent	Chenqi Mobility	PRC	2021113090152	June 3, 2022	November 4, 2041

No.	Patent name	Type	Patentee	Place of registration	Patent number	Grant date	Expiry date
22.	A method and device for processing unstructured data based on ClickHouse (一種基於ClickHouse的非結構化數據的處理方法和裝置)	Invention patent	Chenqi Mobility	PRC	202210232023X	June 3, 2022	March 9, 2042
23.	A method and system for improving the utilization rate of online car-hailing capacity (一種提升網約車的運力利用率的方法及系統)	Invention patent	Chenqi Mobility	PRC	2022102439709	August 5, 2022	March 13, 2042
24.	A method and device for online car-hailing multi-level downgrade billing (一種網約車多級兜底降級計費的方法及裝置)	Invention patent	Chenqi Mobility	PRC	2022102439554	June 17, 2022	March 13, 2042
25.	Advertisement pushing method and device and electronic equipment (一種廣告推送方法、裝置及電子設備)	Invention patent	Chenqi Mobility	PRC	202010956419X	January 24, 2023	September 10, 2040
26.	Adaptive adsorption method and system for recommending boarding points (一種自適應的推薦上車點的吸附方法及系統)	Invention patent	Chenqi Mobility	PRC	2021103501702	May 26, 2023	March 30, 2041
27.	Charging station grouping query method and system based on navigation distance sorting (一種基於導航距離排序的充電站分組查詢方法及系統)	Invention patent	Chenqi Mobility	PRC	2021103524738	May 23, 2023	March 30, 2041

No.	Patent name	Type	Patentee	Place of registration	Patent number	Grant date	Expiry date
28.	Method and system for mobile terminal to call module through routing protocol (一種移動端通過路由協議進行模塊調用的方法和系統)	Invention patent	Chenqi Mobility	PRC	2020109555241	June 23, 2023	September 10, 2040
29.	Method and system for enhancing stability of network vehicle-closing wind control system (一種增強網約車風控系統穩定性的方法及系統)	Invention patent	Chenqi Mobility	PRC	2021115448754	June 23, 2023	December 15, 2041
30.	Elasticsearch and MySQL combined query method and device (一種Elasticsearch與MySQL的聯合查詢方法和裝置)	Invention patent	Chenqi Mobility	PRC	2021113722307	May 12, 2023	November 17, 2041
31.	Matching method and system for windward orders (一種順風車訂單的撮合方法、系統)	Invention patent	Chenqi Mobility	PRC	2022106457956	April 7, 2023	June 8, 2042
32.	Method and device for monitoring and avoiding road abnormality in real time, storage medium and electronic equipment (一種道路異常的實時監測與規避的方法、裝置、存儲介質及電子設備)	Invention patent	Chenqi Mobility	PRC	2021103085355	August 1, 2023	March 22, 2041
33.	A method and device for converting a third-party interface into a system standard interface (一種將第三方接口轉化為系統標準接口的方法及裝置)	Invention patent	Chenqi Mobility	PRC	2022106029173	August 22, 2023	May 29, 2042

No.	Patent name	Type	Patentee	Place of registration	Patent number	Grant date	Expiry date
34.	An intelligent scheduling method and system for alleviating congestion during peak hours (一種緩解高峰期擁堵的智能調度方法及系統)	Invention patent	Chenqi Mobility	PRC	2021103085548	December 19, 2023	March 22, 2041
35.	A method and device for recommending disembarkation points based on specific scenarios (一種基於特定場景的下車點推薦方法及裝置)	Invention patent	Chenqi Mobility	PRC	2021103042720	December 22, 2023	March 21, 2041
36.	A method and system for mobile web requests with redundant function variable names (一種具有備用域名的移動端網絡請求的方法和系統)	Invention patent	Chenqi Mobility	PRC	2020109555129	September 5, 2023	September 10, 2040
37.	A method and system for recognizing the location of street view and obtaining panoramic pictures (一種街景識別定位並獲取全景圖片的方法及系統)	Invention patent	Chenqi Mobility	PRC	2020109555148	December 22, 2023	September 10, 2040
38.	A method and system for uploading files based on a complex network architecture (一種基於複雜網絡架構的文件上傳的方法及系統)	Invention patent	Chenqi Mobility	PRC	2020109555114	September 29, 2023	September 10, 2040

(c) Copyrights

As of the Latest Practicable Date, we had registered the following software copyrights which we consider to be or may be material to our business.

No.	Copyright	Version	Place of registration	Registration number	Registration date
1.	Qiyuan vehicle management system (祺源車務管理系統)	V1.0	PRC	2020SR1593516	November 17, 2020
2.	Qiyuan management system (祺源司管系統)	V1.0	PRC	2020SR1593515	November 17, 2020
3.	Saas franchisee operation management system (Saas加盟商運營管理系統)	V1.0	PRC	2020SR1593517	November 17, 2020
4.	Ruqi Mobility Mini Program Software (如祺出行小程序軟件)	V1.6.3	PRC	2020SR1593514	November 17, 2020
5.	Ruqi Mobility marketing system (如祺出行營銷系統)	V1.0	PRC	2020SR1590358	November 17, 2020
6.	Franchise management system (加盟商管理系統)	V1.0	PRC	2020SR1590359	November 17, 2020
7.	Ruqi Mobility (Enterprise Edition) self-service car management platform (如祺出行(企業版)用車自助管理平台)	V1.7	PRC	2021SR0291983	February 24, 2021
8.	Ruqi Mobility (Enterprise Edition) hailing software (如祺出行(企業版)打車軟件)	V1.7	PRC	2021SR0315301	March 1, 2021
9.	Ruqi Mobility Enterprise Edition (IOS) (如祺出行企業版(IOS))	V1.0.0	PRC	2019SRE020738	October 9, 2019
10.	Ruqi Mobility Enterprise Edition (Android) (如祺出行企業版(安卓))	V1.0.0	PRC	2019SRE020724	October 9, 2019
11.	Ruqi Mobility driver terminal IOS (如祺出行司機端IOS)	V1.0	PRC	2019SRE012772	April 24, 2019
12.	Ruqi Mobility IOS (如祺出行IOS)	V1.0	PRC	2019SRE012768	April 24, 2019
13.	Ruqi Mobility driver terminal (如祺出行司機端)	V1.0	PRC	2019SRE012766	April 24, 2019
14.	Ruqi Mobility (如祺出行)	V1.0	PRC	2019SRE012763	April 24, 2019
15.	Ruqi Qixiao DevOps platform (如祺祺效DevOps平台)	V1.0	PRC	2023SR0771026	June 30, 2023
16.	Robotaxi operation supervision platform (Robotaxi運營監管平台)	V1.0	PRC	2023SR1077044	September 15, 2023

No.	Copyright	Version	Place of registration	Registration number	Registration date
17.	Ruqi selected driver terminal (如祺特選司機端APP)	V1.0	PRC	2023SR1681183	December 19, 2023
18.	Ruqi invoice management system (如祺發票管理系統)	V1.0	PRC	2023SR0936281	August 15, 2023
19.	Ruqi Mobility chauffeur driver terminal (如祺代駕司機軟件)	V1.0	PRC	2022SR1108984	August 12, 2022

3. Domain names

As of the Latest Practicable Date, we owned the following domain names which we consider to be or may be material to our business:

No.	Domain name	Registered owner	Registration date	Expiry date
1.	ruqimobility.cn	Qichen Technology	March 2, 2019	March 2, 2025
2.	ruqimobility.com	Qichen Technology	January 21, 2019	January 21, 2025
3.	xmsxx.com	Xiamen Suixiang	February 21, 2023	February 21, 2025

Save as disclosed above, as of the Latest Practicable Date, there were no other trade or service marks, patents, intellectual or industrial property rights which were material in relation to our business.

C. FURTHER INFORMATION ABOUT OUR DIRECTORS AND SUBSTANTIAL SHAREHOLDERS

1. Disclosure of Interests

Save as disclosed below, immediately following completion of the Global Offering (assuming the Share Cancellation has been completed and all Preferred Shares have been converted into the Shares on a one-to-one basis immediately upon the completion of the Global Offering), so far as our Directors are aware, 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.

(i) Interest in Shares of our Company

Name of Director	Nature of interest ⁽¹⁾	Number of securities immediately after the Global Offering	Approximate percentage of interest in our Company immediately after the Global Offering ⁽²⁾
Mr. Jiang	Beneficial owner	880,000 ⁽³⁾	0.43%

Notes:

- (1) All interests stated are long position.
- (2) Assuming the Share Cancellation has been completed and all Preferred Shares have been converted into the Ordinary Shares on a one-to-one basis.
- (3) The interest comprises 660,000 underlying Shares in respect of the Options granted pursuant to the Pre-IPO Equity Incentive Plan, as well as 110,000 Shares and 110,000 underlying Shares in respect of the Restricted Stock granted pursuant to the Pre-IPO Equity Incentive Plan. Details of the Options and Restricted Stock granted to Mr. Jiang are set out in “ – D. Share Incentive Scheme”.

2. Substantial Shareholders

For information on the persons who will, immediately following the completion of the Global Offering (assuming the Share Cancellation has been completed and all Preferred Shares have been converted into the Shares on a one-to-one basis immediately upon the completion of the Global Offering), have interests or short positions in our Shares or underlying Shares which would be required to be disclosed to our Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, please refer to the section headed “Substantial Shareholders” in this Prospectus.

Save as set out above, 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 Global Offering, 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.

3. Directors' Service Contracts and Appointment Letters

Executive Directors

Our executive Directors has entered into a service contract with our Company. Pursuant to this agreement, he agreed to act as an executive Director for an initial term of three years with effect from the Listing Date. 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 are set out in the section headed "Directors and Senior Management – Remuneration of Our Directors and Senior Management".

Non-executive Directors

Each of our non-executive Directors has entered into an appointment letter with our Company. Their appointment as a Director shall continue for three years after or until the third annual general meeting of the Company after the Listing Date, whichever is earlier (subject to retirement as and when required under the 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 three months' prior notice in writing. Under the appointment letter, the non-executive Directors are not entitled to receive annual salaries in their capacity as non-executive Director.

Independent Non-executive Directors

Each of our independent non-executive Directors has entered into an appointment letter with our Company. The initial term of their appointment shall be three years from the date of this Prospectus until terminated in accordance with the terms and conditions of the appointment letter or by either party giving to the other not less than three months' prior notice in writing.

4. Directors' Remuneration

The remuneration of our Directors is paid in the form of fees, salaries, allowances, other benefits, discretionary bonuses, retirement scheme contributions and equity-settled share-based payments. The aggregate amount of remuneration (including fees, salaries, allowances, other benefits, discretionary bonuses, retirement scheme contributions and equity-settled share-based payments) of our Directors for the years ended December 31, 2021, 2022 and 2023 was RMB8.9 million, RMB7.9 million and RMB5.9 million, respectively.

Under the arrangement currently in force, the total remuneration (including fees, salaries, allowances, other benefits, discretionary bonuses, retirement scheme contributions and equity-settled share-based payments) payable to our Directors for the year ending December 31, 2024 is estimated to be RMB3.6 million.

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).

5. Disclaimers

Save as disclosed in this Prospectus:

- (a) there are no existing or proposed service contracts (excluding contracts expiring or determinable by the employer within one year without payment of compensation (other than statutory compensation)) between the Directors and any member of the Group;
- (b) none of the Directors or the experts named in the section headed “— E. Other Information – 8. 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 Prospectus, 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;
- (c) no commissions, discounts, brokerages or other special terms have been granted in connection with the issue or sale of any Shares in or debentures of the Company within the two years ended on the date of this Prospectus; and
- (d) none of the Directors is materially interested in any contract or arrangement subsisting at the date of this Prospectus which is significant in relation to the business of the Group taken as a whole.

D. SHARE INCENTIVE SCHEME

(a) Summary

The following is a summary of the principal terms of the Pre-IPO Equity Incentive Plan of our Company approved by the Board on July 14, 2021 and as amended from time to time. The terms of the Pre-IPO Equity Incentive Plan are not subject to the provisions of Chapter 17 of the Listing Rules as it will not involve the grant of awards by us after the Listing.

(b) Purpose

The purpose of the Pre-IPO Equity Incentive Plan is to attract, retain and motivate the officers, directors and employees of our Group, and to promote the success of our Group’s business by providing them with appropriate incentives and rewards either through a proprietary interest in the long-term success of our Group or compensation based on fulfilling certain performance goals.

(c) **Administration**

The executive committee designated by the Board to administer the Pre-IPO Equity Incentive Plan (“**Committee**”) shall have full power to interpret and administer the Pre-IPO Equity Incentive Plan and full authority to select the Directors and the key management officers or other employees (“**Employee(s)**”) of our Group. All actions taken and all interpretations and determinations made by the Committee shall be final and binding upon the participants (“**Participant(s)**”), our Company and all other interested individuals. To the extent permitted by the applicable laws, the Committee may from time to time delegate to one or more directors or officers of Zhixing BVI the authority to grant or amend awards (“**Award(s)**”) or to take other administrative actions pursuant to this paragraph. Any delegation hereunder shall be subject to the restrictions and limits that the Committee specifies at the time of such delegation, and the Committee may at any time rescind the authority so delegated or appoint a new delegate.

(d) **Eligibility and Participation**

(i) *Eligibility*

Participants (“**Participant(s)**”) will consist of such Employees and Directors as the Committee in its sole discretion determines and whom the Committee may designate from time to time to receive Awards under the Pre-IPO Equity Incentive Plan, provided that the Board shall determine the eligibility of the Participant if such Participant is a member of the Committee.

(ii) *Type of Award*

Awards under the Pre-IPO Equity Incentive Plan may be granted in any one or a combination of: (a) options granted from time to time under the Pre-IPO Equity Incentive Plan as set out in paragraph (f) (“**Option**”); (b) Awards granted under the Pre-IPO Equity Incentive Plan as set out in paragraph (g) (“**Restricted Stock**”); and (c) rights granted under the Pre-IPO Equity Incentive Plan as set out in paragraph (h) (“**Other Stock-Based Awards**”). Awards granted under the Pre-IPO Equity Incentive Plan shall be evidenced by an award agreement (which need not be identical, “**Award Agreement(s)**”) that provide additional terms and conditions associated with such Awards, as determined by the Committee in its sole discretion; provided, however, that in the event of any conflict between the provisions of the Pre-IPO Equity Incentive Plan and any such Award Agreement, the provisions of the Pre-IPO Equity Incentive Plan shall prevail.

(e) **Shares Subject to the Pre-IPO Equity Incentive Plan and Maximum Awards**

(i) *Number of Shares Available for Awards*

Subject to adjustment as provided in the Pre-IPO Equity Incentive Plan, the maximum number of Shares available for issuance to Participants pursuant to Awards under the Pre-IPO Equity Incentive Plan shall be 10,000,000 Shares.

In the event that any outstanding Award expires, is forfeited, canceled or otherwise terminated without consideration (i.e., Shares or cash) therefor, the Shares subject to such Award, to the extent of any such forfeiture, cancellation, expiration, termination or settlement for cash, shall again be available for Awards under the Pre-IPO Equity Incentive Plan. If the Committee authorizes the assumption under the Pre-IPO Equity Incentive Plan, in connection with any merger, consolidation, acquisition of property or stock, or reorganization, of awards granted under another plan, such assumption shall not reduce the maximum number of Shares available for issuance under the Pre-IPO Equity Incentive Plan.

(ii) Terms of Awards

The term of each Award shall be stated in the Award Agreement; provided, that the term shall be no more than twelve (12) years from the date of grant thereof.

(f) Options

(i) Grant of Options

The Committee is authorized to grant Options to Participants. Each Option shall permit a Participant to purchase from our Company a stated number of Shares at a purchase price per Share subject to an Option (“**Option Price**”) established by the Committee, subject to the terms and conditions described in the Pre-IPO Equity Incentive Plan and to such additional terms and conditions, as established by the Committee, in its sole discretion, that are consistent with the provisions of the Pre-IPO Equity Incentive Plan. Options shall be designated as either Options that is not a qualified US stock option (“**Incentive Stock Option(s)**”) or Options intended to meet the requirements of an incentive stock option as defined in Section 422 of the U.S. Internal Revenue Code of 1986, as amended from time to time and designated as a qualified US stock option in accordance with the Pre-IPO Equity Incentive Plan.

(ii) Terms of Option Grant

Unless otherwise determined by the Committee, the Option Price to any Participant who becomes an Employee or Director of any company of our Group before our Company’s execution of the definitive share subscription agreement or similar agreement in connection with its first equity financing after the Effective Date (the “**Current Participant(s)**”) shall be RMB10.00 per Share and that to any Participant who is not a Current Participant shall be determined by the Committee in its sole discretion.

(iii) Vesting Schedule

Unless otherwise determined by the Committee at its sole discretion and provided in the Award Agreements, (a) the Shares underlying an Option granted to a Participant whose service begins on or after January 1, 2020 shall vest in equal installments on the first anniversary of the date of grant and each of the second, third and fourth anniversaries of the date of grant; and (b) with respect to the Option granted to a Participant whose service began before January 1, 2020, 50% of the Shares underlying an Option shall vest on the first anniversary of the date of grant and the remaining 50% of the Shares underlying an Option shall vest in equal installments on the second and third anniversaries of the date of grant, respectively.

(iv) Exercise of Options

Options granted under the Pre-IPO Equity Incentive Plan shall be exercisable at such times and be subject to such restrictions and conditions as the Board or the Committee shall in each instance approve, which terms and restrictions need not be the same for each grant or for each Participant. Unless an Award Agreement otherwise permits, Options shall not be exercisable until and upon the consummation of the first bona fide firm commitment underwritten public offering of Shares which is approved in accordance with the terms of the shareholders agreement dated May 16, 2019 and our Company's memorandum and articles of association and the Shares are listed on The Nasdaq Stock Market, the New York Stock Exchange, the Stock Exchange, or such other recognized stock exchange outside of or in the PRC ("**Initial Public Offering**") of our Company.

(v) Termination

The Committee shall establish and set forth in the applicable Award Agreement the terms and conditions upon which an Option shall remain exercisable, if at all, following termination of a Participant's continued service, which provisions may be waived or modified by the Board at any time. To the extent that an Award Agreement does not specify the terms and conditions upon which an Option shall terminate upon termination of a Participant's continuous service, the following provisions shall apply:

- (a) **Termination other than for Cause.** In the event of termination of a Participant's continued service (including as a result of such Participant's disability, death or retirement, and, in respect of the chief executive officer of the Group, resignation as requested by his appointing parent company) other than under the circumstances set forth in subsections (b) through (c) below, such Participant's may exercise any outstanding vested Option at any time within sixty (60) months following such termination (or such later date as the Board may determine), provided that if no Initial Public Offering shall have been consummated by expiration of the aforesaid sixty (60) months, all of the outstanding vested Options shall have been forfeited and canceled without consideration; and all of the unvested Options shall be immediately terminated, forfeited and canceled without consideration upon such termination.
- (b) **Termination for Cause.** In the event of termination of a Participant's continued service for the Participant's refusal or failure to perform any of his or her duties and responsibilities as determined from time to time by the applicable Group Company ("**Cause**"), any outstanding Option (vested or not) held by such Participant shall immediately terminate in its entirety upon first notification to the Participant of termination of his or her continued service for Cause. If a Participant's continued service is suspended pending an investigation of whether his or her continued service will be terminated for Cause, all of the Participant's rights under any Option, including the right to exercise the Option, shall be suspended during the investigation period. Nothing in this paragraph shall in any way limit our Company's right to forfeit vested Shares issued upon exercise of an Option as set forth in the applicable Award Agreement.

- (c) **Voluntary Termination.** In the event of voluntary termination of a Participant's continued service and the period of his or her continued service from the date of the grant of the Award is less than two (2) years, any outstanding Option (vested or not) held by such Participant shall immediately terminate in its entirety upon the notice by the Participant of termination of his or her continued service. In the event of voluntary termination of a Participant's continued service and the period of his or her continued service from the date of the grant of the Award is longer than two (2) years, such Participant's may exercise any outstanding vested Option at any time within thirty-six (36) months following such termination (or such later date as the Board may determine), provided that if no Initial Public Offering shall have been consummated by expiration of the aforesaid thirty-six (36) months, all of the outstanding vested Options shall have been forfeited and canceled without consideration; and all of the unvested Options shall be immediately terminated, forfeited and canceled without consideration upon such termination.
- (d) **Termination upon Liquidation of our Company.** In the event of the Pre-IPO Equity Incentive Plan is terminated upon liquidation or dissolution of our Company, any outstanding Option (vested or not) granted under the Pre-IPO Equity Incentive Plan shall immediately terminate in its entirety at the time as determined by the Board in its sole discretion.

(v) ***Method of Exercise***

Except as otherwise provided in the Pre-IPO Equity Incentive Plan or in an Award Agreement, an Option may be exercised for all, or from time to time any part, of the Shares for which it is then exercisable.

(vi) ***Exercise Period***

To the extent permitted by applicable laws, the Participants may exercise all or any part of the vested Options at any time after the consummation of the Initial Public Offering but prior to the earliest occurrence of:

- (a) the twelfth anniversary of the date of grant;
- (b) the date that is 60 months following termination of the Participant's service for any reason other than for Cause; and
- (c) the date that is 36 months following the voluntary termination of the Participant's service if the Participant's continued service from the date of grant is longer than 2 years.

(g) **Restricted Stock**

(i) *Grant of Restricted Stock*

The Board is authorized to grant Restricted Stock to Participants. An Award of Restricted Stock is a grant by the Board of a specified number of Shares to the Participant, which Shares are subject to forfeiture upon the occurrence of specified events. Current Participants shall be awarded Restricted Stock in exchange for consideration of RMB10.00 per Share and the Participants who are not Current Participants shall be awarded Restricted Stock in exchange for consideration determined by the Board at its sole discretion.

(ii) *Terms of Restricted Stock Awards*

Each Award Agreement evidencing a Restricted Stock grant shall specify the period during which Restricted Stock awarded under the Pre-IPO Equity Incentive Plan is restricted (“**Restriction Period(s)**”), the number of Shares of Restricted Stock subject to the Award, the purchase price, if any, of the Restricted Stock, the performance, employment, or other conditions (including the termination of a Participant’s service whether due to death, disability or other reason) under which the Restricted Stock may be forfeited to our Company and such other provisions as the Board shall determine.

(iii) *Voting and Dividend Rights*

The Board shall determine and set forth in a Participant’s Award Agreement whether or not a Participant holding Restricted Stock granted hereunder shall have the right to exercise voting rights with respect to the Restricted Stock during the Restriction Period (the Board may require a Participant to grant an irrevocable proxy and power of substitution under the relevant grant agreement to the effect that the voting rights in respect of the Shares underlying the unvested Restricted Stock shall be granted to and exercised by the Board or any person designated by the Board) and/or have the right to receive dividends on the Restricted Stock during the Restriction Period (and, if so, on what terms).

(iv) *Performance Goals*

The Board may condition the grant of Restricted Stock or the expiration of the Restriction Period upon the Participant’s achievement of one or more performance goal(s) specified in the Award Agreement. If the Participant fails to achieve the specified performance goal(s), the Board shall not grant the Restricted Stock to such Participant or the Participant shall forfeit the Award of Restricted Stock to our Company, as applicable.

(h) Other Stock-Based Awards

The Board, in its sole discretion, may grant Awards of Shares and Awards that are valued, in whole or in part, by reference to, or are otherwise based on the fair market value of, Shares, including without limitation, restricted stock units, dividend equivalent rights, and other phantom awards.

(i) Adjustments***(i) Adjustments in Authorized Shares***

In the event of any corporate event or transaction involving our Company and/or a subsidiary of our Company such as a merger, consolidation, reorganization, recapitalization, separation, stock dividend, stock split, reverse stock split, split up, spin-off, combination of Shares, exchange of Shares, dividend in kind, extraordinary cash dividend, amalgamation, or other like change in capital structure (other than normal cash dividends to shareholders of our Company), or any similar corporate event or transaction, the Board, to prevent dilution or enlargement of Participants' rights under the Pre-IPO Equity Incentive Plan, shall substitute or adjust, in its sole discretion, the number and kind of Shares or other property that may be issued under the Pre-IPO Equity Incentive Plan or under particular forms of Awards, the number and kind of Shares or other property subject to outstanding Awards, the Option Price, grant price or purchase price applicable to outstanding Awards, the annual award limits, and/or other value determinations (including performance conditions) applicable to the Pre-IPO Equity Incentive Plan or outstanding Awards.

(j) Duration; Amendment, Modification, Suspension and Termination***(i) Duration of Plan***

The Pre-IPO Equity Incentive Plan shall become effective on July 14, 2021 (the "**Effective Date**") after approved by the shareholders of our Company. Unless sooner terminated as provided in sub-paragraph (ii) below, the Pre-IPO Equity Incentive Plan shall terminate on the twelfth anniversary of the Effective Date.

(ii) Amendment, Modification, Suspension and Termination of Plan

Subject to the terms of the Pre-IPO Equity Incentive Plan, the Board may amend, alter, suspend, discontinue or terminate the Pre-IPO Equity Incentive Plan or any portion thereof or any Award (or Award Agreement) hereunder or approve a subplan pursuant to the terms of the Pre-IPO Equity Incentive Plan at any time, in its sole discretion, provided, that, no action taken by the Committee shall adversely affect in any material respect the rights granted to any Participant under any outstanding Awards (other than pursuant to paragraph(i)) without the approval of the Board.

(k) Details of the Option and Restricted Stock awarded or granted under the Pre-IPO Equity Incentive Plan as of the Latest Practicable Date

As of the Latest Practicable Date, the maximum number of Shares underlying the Pre-IPO Equity Incentive Plan is 10,000,000 Shares, representing approximately 5.68% of the issued share capital of our Company as at the Latest Practicable Date and approximately 4.90% of the total issued share capital of our Company immediately following the completion of the Global Offering (assuming the Share Cancellation has been completed and all Preferred Shares have been converted into the Shares on a one-to-one basis). Any number of Shares underlying the Options and Restricted Stocks which have not been awarded or granted under the Pre-IPO Equity Incentive Plan as of the Latest Practicable Date shall be awarded or granted before Listing.

Application has been made to the Stock Exchange for the listing of and permission to deal in the 10,000,000 Shares that will be allotted and issued pursuant to the Pre-IPO Equity Incentive Plan.

(i) Details of the Option granted under the Pre-IPO Equity Incentive Plan as of the Latest Practicable Date

As of the Latest Practicable Date, Options to subscribe for an aggregate of 7,383,288 Shares, representing approximately 4.20% of the issued share capital of our Company as at the Latest Practicable Date and approximately 3.62% of the total issued share capital of our Company immediately following the completion of the Global Offering (assuming the Share Cancellation has been completed and all Preferred Shares have been converted into the Shares on a one-to-one basis), had been granted to 203 grantees. As of the Latest Practicable Date, no Options granted under the Pre-IPO Equity Incentive Plan have been exercised.

Details of the Options granted pursuant to the Pre-IPO Equity Incentive Plan to our Director, senior management and grantees who had been granted Options to subscribe for an aggregated number of 100,000 or more Shares (no Options under the Pre-IPO Equity Incentive Plan have been granted to other connected persons of our Company) as of the Latest Practicable Date are set out below:

Name	Address	Position(s) held within our Group	Date of grant	Exercise price ⁽¹⁾ (RMB)	Vesting period ⁽²⁾	Exercise period	Number of Shares underlying the Options as of the Latest Practicable Date	Approximate percentage of enlarged issued share capital of our Company immediately after completion of the Global Offering ⁽⁴⁾
<i>Director and senior management</i>								
Mr. Jiang Hua (蔣華)	Room 903, No. 51 Yongsheng Street, Yuexiu District, Guangzhou City, Guangdong Province, China	Executive Director and chief executive officer	July 21, 2021	10.00	B	Note (3)	660,000	0.32%

Name	Address	Position(s) held within our Group	Date of grant	Exercise price ⁽¹⁾ (RMB)	Vesting period ⁽²⁾	Exercise period	Options as of the Latest Practicable Date	Approximate percentage of enlarged issued share capital of our Company immediately after completion of the Global Offering ⁽⁴⁾
Dr. Song Deqiang (宋德強)	Room 2101, Unit 2, 18th Floor, Building 5, Donghuwan East, No. 6 Lize West Street, Chaoyang District, Beijing, China	Chief technology officer	July 21, 2022	20.2794	A	Note (3)	266,280	0.13%
Mr. Han Feng	Room 3102, Building 3, Times Tianyi, Shinan Avenue, Huangge Town, Nansha District, Guangzhou City, Guangdong Province, China	Chief operating officer	July 21, 2021	10.00	B	Note (3)	540,000	0.26%
Mr. Sun Lei (孫雷)	Room 1702, Building B, Hua Biao Tao Jing Wan, Binjiang Street Road, Haizhu District, Guangzhou City, Guangdong Province, China	Vice president	July 21, 2021	10.00	A	Note (3)	360,000	0.18%
<i>Grantees who had been granted Options to subscribe for an aggregated number of 100,000 or more Shares</i>								
Mr. WEN Wei (文為)	No. 503, 3rd Floor, No. 3, Fengguan Road, Fengtai District, Beijing, China	Vice president	July 21, 2021	10	B	Note (3)	360,000	0.18%
Mr. CAI Guohao (蔡國浩)	F904, Haoyueju, Baiyun Golf Garden, Huangshi Street, Baiyun District, Guangzhou City, Guangdong Province, China	Former vice president	July 21, 2021	10	B	Note (3)	247,500	0.12%
Ms. TAN Weilin (譚偉林)	Room 604, No. 8, Liuxiang North Path, Yijing Cuiyuan, Fengyang Street, Haizhu District, Guangzhou City, Guangdong Province, China	Head of internal control department	July 21, 2021	10	B	Note (3)	150,000	0.07%

Name	Address	Position(s) held within our Group	Date of grant	Exercise price ⁽¹⁾ (RMB)	Vesting period ⁽²⁾	Exercise period	Options as of the Latest Practicable Date	Approximate percentage of enlarged issued share capital of our Company immediately after completion of the Global Offering ⁽⁴⁾
Mr. XU Ning (許寧)	Room 3205, Building D, Gaode Mansion, No. 16 Xiancun Road, Tianhe District, Guangzhou City, Guangdong Province, China	Head of Ruqi experience center department	July 21, 2021	10	B	Note (3)	150,000	0.07%
Mr. LUO Zilong (羅子龍)	Room 1101, Jubao Pavilion, Jianzhen Garden, Chigang Street, Haizhu District, Guangzhou City, Guangdong Province, China	Head of platform efficiency operation department	July 21, 2021	10	B	Note (3)	150,000	0.07%
Mr. WANG Hao (王昊)	Room 1422, Dazhuang International Apartment, Kefeng Road, Huangpu District, Guangzhou City, Guangdong Province, China	Head of platform security management department	July 21, 2021	10	A	Note (3)	150,000	0.07%
Mr. YUAN Jianzhang (袁建彰)	Room 606, Building B2A, R&F Academician Court, Wushan Street, Tianhe District, Guangzhou City, Guangdong Province, China	Head of platform marketing department	July 21, 2021	10	B	Note (3)	150,000	0.07%
Ms. XU Feifei (徐飛飛)	Room 2002, Zilai Building, Area 5, Liede Garden, Liede Street, Tianhe District, Guangzhou City, Guangdong Province, China	Head of legal department	July 21, 2022 July 21, 2023 May 20, 2024	20.2794 30.44 30.44	A A A	Note (3) Note (3) Note (3)	73,960 1,260 74,780	0.04% 0.00% 0.04%
Mr. CHEN Zhan (陳湛)	Room 14024, Building 2, Cuicheng Garden, Baogang Avenue, Pazhou Street, Haizhu District, Guangzhou City, Guangdong Province, China	Head of technical department	July 21, 2021	10	B	Note (3)	150,000	0.07%

Name	Address	Position(s) held within our Group	Date of grant	Exercise price ⁽¹⁾ (RMB)	Vesting period ⁽²⁾	Exercise period	Options as of the Latest Practicable Date	Approximate percentage of enlarged issued share capital of our Company immediately after completion of the Global Offering ⁽⁴⁾
Mr. LUO Xudong (羅旭東)	Room 2103, Building A1, R&F Tianxi Garden, Chebei Street, Tianhe District, Guangzhou City, Guangdong Province, China	Head of human resource	July 21, 2021	10	B	Note (3)	150,000	0.07%
Mr. SUN Xiaopeng (孫曉鵬)	Room 3805, Building 3, Longhu Yunfeng Original Building, Yunpu Street, Huangpu Street, Huangpu District, Guangzhou City, Guangdong Province, China	Head of human resource	July 21, 2021	10	B	Note (3)	150,000	0.07%
Mr. ZHOU Xun (周勛)	3-1-4-802, Yongfeng Jiayuan, Haidian District, Beijing, China	Head of intelligent driving Tool chain department	July 21, 2023 May 20, 2024	30.44 30.44	A A	Note (3) Note (3)	39,420 74,000	0.02% 0.04%
Mr. LI Zhiguo (李治國)	Room 401, Tower 1, Yicui Road, Bigui East Garden, Shibi Street, Panyu District, Guangzhou City, Guangdong Province, China	Head of finance department	July 21, 2022 July 21, 2023 May 20, 2024	20.2794 30.44 30.44	A A A	Note (3) Note (3) Note (3)	59,170 1,260 50,000	0.03% 0.00% 0.02%
Total							4,007,630	1.96%

As of the Latest Practicable Date, Options to subscribe for an aggregate of 3,375,658 Shares had been granted to 186 grantees, including 167 employees and 19 former employees of our Company, who are not Directors, senior management, connected persons of our Company nor grantees who had been granted Options to subscribe for 100,000 or more Shares (the “**Other Grantees**”). We set forth below the information on the Options granted to the Other Grantees under the Pre-IPO Equity Incentive Plan as of the Latest Practicable Date.

Range of Shares underlying the Options granted under the Pre-IPO Equity Incentive Plan	Total number of grantees	Dates of grant	Exercise price ⁽¹⁾ (RMB)	Vesting period ⁽²⁾	Exercise period	Number of Shares underlying the Options as of the Latest Practicable Date	Approximate percentage of enlarged issued share capital of our Company immediately after completion of the Global Offering ⁽⁴⁾
1 to 9,999	63	July 21, 2021 to July 21, 2023	10.00 to 30.44	A	Note (3)	248,807	0.12%
10,000 to 99,999	123	July 21, 2021 to May 20, 2024	10.00 to 30.44	A; B	Note (3)	3,126,851	1.53%
Total	186					3,375,658	1.65%

Notes:

(1) No consideration is involved in respect of the grant of the Options.

(2) Please refer to different categories of vesting schedules below:

Category	Vesting schedule
A	The Shares underlying the Option shall vest in equal installments on the first anniversary of the date of grant and each of the second, third and fourth anniversaries of the date of grant
B	50% of the Shares underlying the Option shall vest on the first anniversary of the date of grant and the remaining 50% of the Shares underlying an Option shall vest in equal installments on the second and third anniversaries of the date of grant respectively

(3) Please refer to section headed “D. Share Incentive Scheme – (f) Options – (vi) Exercise Period” in this Appendix for details of the exercise period of the Options.

(4) Assuming the Share Cancellation has been completed and all Preferred Shares have been converted into the Shares on a one-to-one basis immediately upon the completion of the Global Offering.

There is no potential dilution effect on the shareholding as the Shares underlying the Options granted under the Pre-IPO Equity Incentive Plan are already in issue. The effect of the exercise of such Options on earnings per Share would be anti-dilutive as our Group recorded net loss during the Track Record Periods.

The Shares held by grantees with less than 350,000 Options will be subject to lock-up arrangements ending on the date which is six months following the Listing Date, and Shares held by the senior management of the Company and the grantees with 350,000 or more Options shall be subject to lock-up arrangements ending on the date which is twelve months following the Listing Date.

(i) Details of the Restricted Stock awarded under the Pre-IPO Equity Incentive Plan as of the Latest Practicable Date

As of the Latest Practicable Date, the aggregate number of Shares underlying the granted Restricted Stock is 781,260, representing approximately 0.53% of the issued share capital of our Company as at the Latest Practicable Date and approximately 0.38% of the total issued share capital of our Company immediately following the completion of the Global Offering (assuming the Share Cancellation has been completed and all Preferred Shares have been converted into the Shares on a one-to-one basis).

Details of the Restricted Stock awarded to a total of 6 awardees pursuant to the Pre-IPO Equity Incentive Plan as of the Latest Practicable Date are set out below:

Name	Address	Position(s) held within our Group	Date of grant	Consideration (RMB)	Number of Shares underlying the Restricted Stock awarded as of the Latest Practicable Date	Approximate percentage of enlarged issued share capital of our Company immediately after completion of the Global Offering ⁽¹⁾
Mr. JIANG Hua (蔣華)	Room 903, No. 51 Yongsheng Street, Yuexiu District, Guangzhou City, Guangdong Province, China	Executive Director and chief executive officer	July 21, 2021	10.00	220,000	0.11%
Dr. SONG Deqiang (宋德 強)	Room 2101, Unit 2, 18th Floor, Building 5, Donghuwan East, No. 6 Lize West Street, Chaoyang District, Beijing, China	Chief technology officer	July 21, 2022	20.2794	88,760	0.04%
Mr. HAN Feng	Room 3102, Building 3, Times Tianyi, Shinan Avenue, Huangge Town, Nansha District, Guangzhou City, Guangdong Province, China	Chief operating officer	July 21, 2021	10.00	180,000	0.09%

Name	Address	Position(s) held within our Group	Date of grant	Consideration (RMB)	Number of Shares underlying the Restricted Stock awarded as of the Latest Practicable Date	Approximate percentage of enlarged issued share capital of our Company immediately after completion of the Global Offering ⁽¹⁾
Mr. SUN Lei (孫雷)	Room 1702, Building B, Hua Biao Tao Jing Wan, Binjiang Street Road, Haizhu District, Guangzhou City, Guangdong Province, China	Vice president	July 21, 2021	10.00	120,000	0.06%
2 other awardees	-	-	July 21, 2021	10.00	172,500	0.08%
Total					781,260	0.38%

Notes:

- (1) Assuming the Share Cancellation has been completed and all Preferred Shares have been converted into the Shares on a one-to-one basis immediately upon the completion of the Global Offering.
- (2) The Shares underlying the Restricted Stock shall vest in equal installments on the first anniversary of the date of grant and each of the second, third and fourth anniversaries of the date of grant.

The Shares held by grantees of the Restricted Stock will be subject to lock-up arrangements ending on the date which is twelve months following the Listing Date.

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

As of the Latest Practicable Date, no member of our Group was engaged in any litigation, arbitration or claim of material importance, and no litigation, arbitration or claim of material importance was known to the Directors to be pending or threatened by or against our Group, that would have a material adverse effect on our business, finance condition or results of operations.

3. Joint Sponsors

Each of Joint Sponsors satisfies the independence criteria applicable to sponsors set out in Rule 3A.07 of the Listing Rules. The Joint Sponsors will receive an aggregate fee of RMB3 million for acting as the sponsors for the Listing.

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, and the Shares to be issued pursuant to the Global Offering.

4. Preliminary Expenses

The Company did not incur any material preliminary expenses.

5. No Material Adverse Change

Our Directors confirm that there has been no material adverse change in the financial or trading position or prospects of the Group since December 31, 2023 (being the date to which the latest audited consolidated financial statements of our Group were prepared).

6. Promoters

Our Company has no promoter for the purpose of the Listing Rules. 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 Global Offering and the related transactions described in this Prospectus within the two years immediately preceding the date of this Prospectus.

7. Taxation of Holders of Shares***Hong Kong***

The sale, purchase and transfer of Shares registered with our Company's Hong Kong branch register of members will be subject to Hong Kong stamp duty. The current rate charged on each of the purchaser and seller is 0.1% of the consideration or, if higher, the fair value of the Shares being sold or transferred. Profits from dealings in the Shares arising in or derived from Hong Kong may also be subject to Hong Kong profits tax.

Cayman Islands

No stamp duty is payable in the Cayman Islands on the transfers of shares of Cayman Islands companies except those which hold interests in land in the Cayman Islands.

Consultation with professional advisors

Intending holders of the Shares are recommended to consult their professional advisors if they are in doubt as to the taxation implications of holding or disposing of or dealing in the Shares. It is emphasized that none of our Company, our Directors or the other parties involved in the Global Offering can accept responsibility for any tax effect on, or liabilities of, holders of Shares resulting from their holding or disposal of or dealing in Shares or exercise of any rights attaching to them.

8. Qualifications and Consents of Experts

The following are the qualifications of the experts who have given opinions or advice which are contained in this Prospectus:

Name	Qualification
China International Capital Corporation Hong Kong Securities Limited	A licensed corporation under the SFO for type 1 (dealing in securities), type 2 (dealing in futures contracts), type 4 (advising on securities), type 5 (advising on futures contracts) and type 6 (advising on corporate finance) of the regulated activities as defined under the SFO
Huatai Financial Holdings (Hong Kong) Limited	A licensed corporation under the SFO for type 1 (dealing in securities), type 2 (dealing in futures contracts), type 4 (advising on securities), type 6 (advising on corporate finance), type 7 (providing automated trading services) and type 9 (asset management) of the regulated activities as defined under the SFO
ABCI Capital Limited	A licensed corporation under the SFO for type 1 (dealing in securities) and type 6 (advising on corporate finance) of the regulated activities as defined under the SFO
KPMG	Certified Public Accountants Public Interest Entity Auditor registered in accordance with the Accounting and Financial Reporting Council Ordinance
Haiwen & Partners	Legal advisors as to PRC law to our Company

Name	Qualification
King & Wood Mallesons	Legal advisors as to PRC data compliance law to our Company
Maples and Calder (Hong Kong) LLP	Legal advisors as to Cayman Islands laws to our Company
Frost & Sullivan (Beijing) Inc., Shanghai Branch Co.	Industry consultant

Each of the experts named above has given and has not withdrawn its consent to the issue of this Prospectus with the inclusion of its report, letter, and/or legal opinion (as the case may be) and references to its name included in the form and context in which it respectively appears.

9. Binding Effect

This Prospectus shall have the effect, if an application is made pursuant to this Prospectus, of rendering all persons concerned bound by all of the provisions (other than the penal provisions) of sections 44A and 44B of the Companies (Winding Up and Miscellaneous Provisions) Ordinance insofar as applicable.

10. Bilingual Prospectus

The English language and Chinese language versions of this Prospectus are being published separately, in reliance upon the exemption provided by section 4 of the Companies Ordinance (Exemption of Companies and Prospectuses from Compliance with Provisions) Notice (Chapter 32L of the Laws of Hong Kong). In the event of any discrepancies between the English language version and the Chinese language version of this Prospectus, the English language version shall prevail.

11. Miscellaneous

- (a) Save as disclosed in this Prospectus, within the two years immediately preceding the date of this Prospectus:
 - (i) neither we nor any of our major subsidiaries has issued or agreed to issue any share or loan capital fully or partly paid up either for cash or for a consideration other than cash;
 - (ii) no share or loan capital of our Company or any of our major subsidiaries and operating entities is under option or is agreed conditionally or unconditionally to be put under option;

- (iii) no commission, discounts, brokerage or other special terms have been granted in connection with the issuance or sale of any shares or loan capital of any major subsidiary and operating entities; and
 - (iv) no commission has been paid or payable (except commission to sub-underwriters) to any persons for subscription, agreeing to subscribe, procuring subscription or agreeing to procure subscription of any shares of our Company or any of our major subsidiaries and operating entities.
- (b) Save as disclosed in this Prospectus:
- (i) no founder, management or deferred shares of our Company or any of our subsidiaries have been issued or agreed to be issued;
 - (ii) there has not been any interruption in the business of our Company which may have or have had a material adverse effect on the financial position of our Company in the 12 months immediately preceding the date of this Prospectus;
 - (iii) the principal register of members of our Company will be maintained in the Cayman Islands by Maples Fund Services (Cayman) Limited and a branch register of members of our Company will be maintained in Hong Kong by the Hong Kong Share Registrar. Unless our Directors otherwise agree, all transfer and other documents of title of Shares must be lodged for registration with and registered by our Company's share register in Hong Kong and may not be lodged in the Cayman Islands. All necessary arrangements have been made to enable the Shares to be admitted to CCASS;
 - (iv) no company within our Group is presently listed on any stock exchange or traded on any trading system;
 - (v) our Company has no outstanding convertible debt securities or debentures;
 - (vi) there is no arrangement under which future dividends are waived or agreed to be waived;
 - (vii) none of the persons whose names are listed in the paragraph headed “— E. Other Information – 8. Qualifications and Consents of Experts” above is interested beneficially or non-beneficially in any shares in any member of our Group or has any right or option (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for, any securities in any member of our Group; and
 - (viii) there is no restriction affecting the remittance of profits or repatriation of capital into Hong Kong and from outside Hong Kong.

APPENDIX V DOCUMENTS DELIVERED TO THE REGISTRAR OF COMPANIES AND AVAILABLE ON DISPLAY AND FOR INSPECTION

DOCUMENTS DELIVERED TO THE REGISTRAR OF COMPANIES

The documents attached to a copy of this Prospectus and delivered to the Registrar of Companies in Hong Kong for registration were, among other documents:

- (a) the written consents referred to in the section headed “Statutory and General Information – E. Other Information – 8. Qualifications and Consents of Experts” in Appendix IV to this Prospectus; and
- (b) copies of the material contracts referred to in the section headed “Statutory and General Information – B. Further Information about our Business – 1. Summary of Material Contracts” in Appendix IV to this Prospectus.

DOCUMENTS AVAILABLE ON DISPLAY

Copies of the following documents will be available on display on the website of the Stock Exchange at www.hkexnews.hk and our website at <https://www.ruqimobility.com> during a period of 14 days from the date of this Prospectus:

- (a) the Memorandum and Articles of Association;
- (b) the Accountants’ Report received from KPMG, the text of which is set out in Appendix I to this Prospectus;
- (c) the report on the unaudited pro forma financial information from KPMG, the text of which is set out in Appendix II to this Prospectus;
- (d) the audited consolidated financial statements of our Group for the years ended December 31, 2021, 2022 and 2023;
- (e) the industry report issued by Frost & Sullivan, the summary of which is set out in the section headed “Industry Overview” in this Prospectus;
- (f) the legal opinion issued by Haiwen & Partners, our PRC Legal Advisor, in respect of certain aspects of our Group in the PRC;
- (g) the letter of advice prepared by Maples and Calder (Hong Kong) LLP, our Cayman legal advisors, in respect of certain aspects of the Cayman Islands company law referred to in Appendix III to this Prospectus;
- (h) the material contracts referred to in the section headed “Statutory and General Information – B. Further Information about our Business – 1. Summary of Material Contracts” in Appendix IV to this Prospectus;

**APPENDIX V DOCUMENTS DELIVERED TO THE REGISTRAR OF COMPANIES
AND AVAILABLE ON DISPLAY AND FOR INSPECTION**

- (i) the written consents referred to in the section headed “Statutory and General Information – E. Other Information – 8. Qualifications and Consents of Experts” in Appendix IV to this Prospectus;
- (j) the service contracts and letters of appointment referred to in the section headed “Statutory and General Information – C. Further Information about our Directors and Substantial Shareholders – 3. Directors’ Service Contracts and Appointment Letters” in Appendix IV to this Prospectus;
- (k) the terms of the Pre-IPO Equity Incentive Plan; and
- (l) the Cayman Companies Act.

DOCUMENTS AVAILABLE FOR INSPECTION

A copy of a full list of grantees under the Pre-IPO Equity Incentive Plan, containing all details as required under the Listing Rules and the Companies (Winding Up and Miscellaneous Provisions) Ordinance, will be available for inspection at the office of Clifford Chance at 27/F, Jardine House, One Connaught Place, Central, Hong Kong during normal business hours up to and including the date which is 14 days from the date of this Prospectus.



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Chenqi Technology Limited