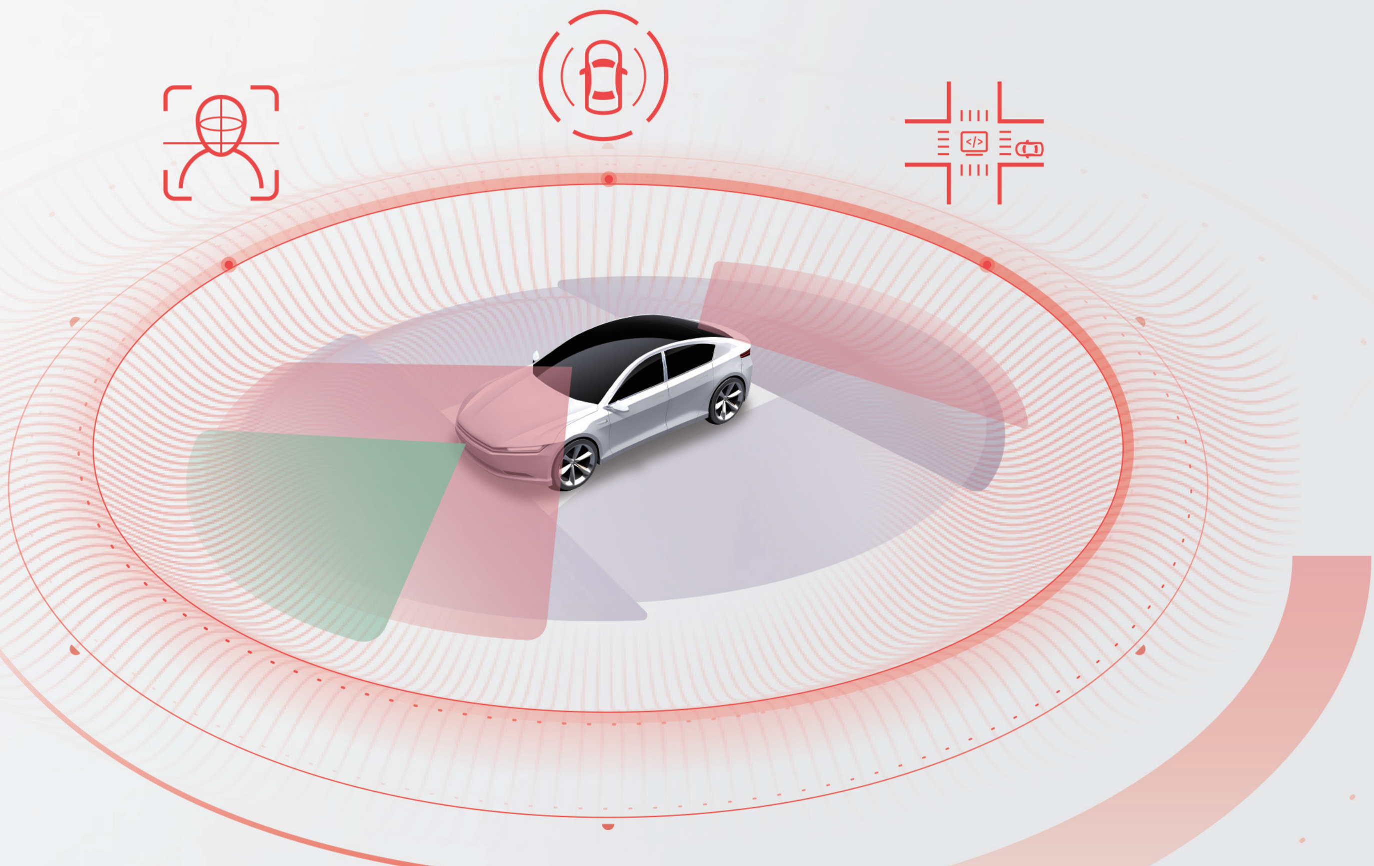
# MINIEYE

# 深圳佑駕創新科技股份有限公司
# MINIEYE TECHNOLOGY CO., LTD

(a joint stock company incorporated in the People's Republic of China with limited liability)

**Stock Code : 2431**

## GLOBAL OFFERING



**Joint Sponsors, Overall Coordinators, Joint Global Coordinators, Joint Bookrunners and Joint Lead Managers**

CITIC SECURITIES

CICC 中金公司

**Overall Coordinators, Joint Global Coordinators, Joint Bookrunners and Joint Lead Managers**

軟庫中華 SBI China Capital

國證國際 SDICSI

长桥证券 LONGBRIDGE

**Joint Bookrunners and Joint Lead Managers**

申萬宏源香港 SHENWAN HONGYUAN

中銀國際 BOCI

浦銀國際 SPDB INTERNATIONAL

農銀國際 ABC INTERNATIONAL

民銀資本 CMBC CAPITAL HOLDINGS LIMITED

TradeGo Markets

輝立証券 Phillip Securities

富途證券

老虎證券

**Joint Lead Managers**

FOSUN INTL SECURITIES

百惠金控 PATRONS

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

MINIEYE

# Minieye Technology Co., Ltd
# 深圳佑駕創新科技股份有限公司

*(a joint stock company incorporated in the People's Republic of China with limited liability)*

## GLOBAL OFFERING

| | | |
|---|---|---|
| **Number of Offer Shares under the Global Offering** | **:** | **39,190,000 H Shares (subject to the Over-allotment Option)** |
| **Number of Hong Kong Offer Shares** | **:** | **3,919,000 H Shares (subject to adjustment)** |
| **Number of International Placing Shares** | **:** | **35,271,000 H Shares (subject to adjustment and the Over-allotment Option)** |
| **Maximum Offer Price** | **:** | **HK$20.20 per H Share, plus brokerage of 1.0%, SFC transaction levy of 0.0027%, AFRC transaction levy of 0.00015% and Hong Kong Stock Exchange trading fee of 0.00565% (payable in full on application in Hong Kong dollars and subject to refund)** |
| **Nominal value** | **:** | **RMB1.00 per H Share** |
| **Stock code** | **:** | **2431** |

***Joint Sponsors, Overall Coordinators,***
***Joint Global Coordinators, Joint Bookrunners and Joint Lead Managers***

CITIC SECURITIES CICC 中金公司

***Overall Coordinators, Joint Global Coordinators,***
***Joint Bookrunners and Joint Lead Managers***

軟庫中華 SBI China Capital 國證國際 SDICSI 长桥证券 LONGBRIDGE

***Joint Bookrunners and Joint Lead Managers***

申萬宏源香港 SHENWAN HONGYUAN 中銀國際 BOCI 浦銀國際 SPDB INTERNATIONAL 農銀國際 ABC INTERNATIONAL 民銀資本 CMBC CAPITAL HOLDINGS LIMITED

TradeGo Markets 輝立証券 Phillip Securities 富途證券 老虎證券

***Joint Lead Managers***

FOSUN INTL SECURITIES 百惠金控 PATRONS

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 in Hong Kong and Available on Display" in Appendix VII 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 of Hong Kong and the Registrar of Companies in Hong Kong take no responsibility as to the contents of this prospectus or any other documents referred to above.

The Offer Price is expected to be fixed by agreement between the Overall Coordinators (for themselves and on behalf of the Hong Kong Underwriters) and us on the Price Determination Date. The Price Determination Date is expected to be on or around Monday, December 23, 2024 (Hong Kong time) and, in any event, not later than 12:00 noon on Monday, December 23, 2024 (Hong Kong time). The Offer Price will be no more than HK$20.20 and is currently expected to be not less than HK$17.00 per Offer Share. If, for any reason, the Offer Price is not agreed by 12:00 noon on Monday, December 23, 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 Share may be required to pay, on application (subject to application channels), the maximum Offer Price of HK$20.20 for each Hong Kong Offer Share together with a brokerage fee of 1.0%, a SFC transaction levy of 0.0027%, AFRC transaction levy of 0.00015% and a Hong Kong Stock Exchange trading fee of 0.00565%, subject to refund if the Offer Price as finally determined is less than HK$20.20.

**The Overall Coordinators, for themselves and on behalf of the Underwriters, and with our consent may, where considered appropriate, reduce the number of Hong Kong Offer Shares and/or the indicative Offer Price range below that is stated in this prospectus (which is HK$17.00 to HK$20.20) at any time prior to the morning of the last day for lodging applications under the Hong Kong Public Offering. In such a case, an announcement will be published on the website of our Company at www.minieye.cc and on the website of the Hong Kong Stock Exchange at www.hkexnews.hk and the offer will be canceled and relaunched at the revised number of Offer Shares and/or the revised Offer Price range and the requirements under Rule 11.13 of the Hong Kong Listing Rules (which include the issue of a supplemental prospectus or a new prospectus (as appropriate)), as soon as practicable following the decision to make such reduction, and in any event not later than the morning of the day which is the last day for lodging applications under the Hong Kong Public Offering. Further details are set forth in "Structure of the Global Offering" and "How to Apply for the Hong Kong Offer Shares" 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 — Grounds for Termination" of this Prospectus**.

The Offer Shares have not been and will not be registered under the US Securities Act or any state securities law in the United States and may be offered and sold only outside the United States in offshore transactions in accordance with Regulation S under the US Securities Act.

December 17, 2024

**IMPORTANT NOTICE TO INVESTORS:**
**FULLY ELECTRONIC APPLICATION PROCESS**

**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 Hong Kong Stock Exchange at www.hkexnews.hk under the "*HKEXnews > New Listings > New Listing Information*" section, and our website at www.minieye.cc. 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 at **www.hkeipo.hk**; or

(2) apply electronically through the HKSCC EIPO channel and cause HKSCC Nominees to apply on your behalf by instructing your broker or custodian who is a HKSCC Participant to give **electronic application instructions** via HKSCC's FINI system 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 document 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.

See "How to Apply for the Hong Kong Offer Shares" for further details on the procedures through which you can apply for Hong Kong Offer Shares electronically.

Your application through the **HK eIPO White Form** service or the HKSCC EIPO channel must be for a minimum of 200 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 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 pre-fund 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 | No. of Hong Kong Offer Shares applied for | Maximum Amount payable(2) on application/ successful allotment | No. of Hong Kong Offer Shares applied for | Maximum Amount payable(2) on application/ successful allotment | No. of Hong Kong Offer Shares applied for | Maximum Amount payable(2) on application/ successful allotment |
|---|---|---|---|---|---|---|---|
| | *HK$* | | *HK$* | | *HK$* | | *HK$* |
| 200 | 4,080.75 | 4,000 | 81,614.87 | 60,000 | 1,224,223.02 | 800,000 | 16,322,973.60 |
| 400 | 8,161.49 | 5,000 | 102,018.59 | 70,000 | 1,428,260.19 | 900,000 | 18,363,345.30 |
| 600 | 12,242.23 | 6,000 | 122,422.30 | 80,000 | 1,632,297.35 | 1,000,000 | 20,403,717.00 |
| 800 | 16,322.97 | 7,000 | 142,826.02 | 90,000 | 1,836,334.54 | 1,200,000 | 24,484,460.40 |
| 1,000 | 20,403.72 | 8,000 | 163,229.73 | 100,000 | 2,040,371.70 | 1,400,000 | 28,565,203.80 |
| 1,200 | 24,484.46 | 9,000 | 183,633.45 | 200,000 | 4,080,743.40 | 1,600,000 | 32,645,947.20 |
| 1,400 | 28,565.20 | 10,000 | 204,037.16 | 300,000 | 6,121,115.10 | 1,800,000 | 36,726,690.60 |
| 1,600 | 32,645.95 | 20,000 | 408,074.35 | 400,000 | 8,161,486.80 | 1,959,400(1) | 39,979,043.09 |
| 1,800 | 36,726.68 | 30,000 | 612,111.51 | 500,000 | 10,201,858.50 | | |
| 2,000 | 40,807.43 | 40,000 | 816,148.68 | 600,000 | 12,242,230.20 | | |
| 3,000 | 61,211.15 | 50,000 | 1,020,185.86 | 700,000 | 14,282,601.90 | | |

(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.

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

*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 Company's website at **www.minieye.cc** and the website of the Stock Exchange at **www.hkexnews.hk**.*

Hong Kong Public Offering commences at 9:00 a.m. on . . . . . . . . . . . . . . . . . . . . . . . . .Tuesday, December 17, 2024

Latest time for completing electronic applications under the **HK eIPO White Form** service through the designated website at **www.hkeipo.hk**[2] . . . . . . . . . . . .11:30 a.m. on Friday, December 20, 2024

Application lists of the Hong Kong Public Offering open[3] . . . . . . . .11:45 a.m. on Friday, December 20, 2024

Latest time for (a) completing payment of the **HK eIPO White Form** applications by effecting PPS payment transfer(s) and (b) giving **electronic application instructions** to HKSCC[4] . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . .12:00 noon on Friday, December 20, 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 of the Hong Kong Public Offering close[3] . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . .12:00 noon on Friday, December 20, 2024

Expected Price Determination Date[5] . . . . . . . . . . . . . . .on or before 12:00 noon, Monday, December 23, 2024

(1) Announcement of

- the final Offer Price;
- an indication of the level of interest in the International Placing;
- the level of applications in the Hong Kong Public Offering; and
- the basis of allocation of the Hong Kong Offer Shares under the Hong Kong Public Offering;

to be published on the websites of the Stock Exchange at **www.hkexnews.hk** and our Company at **www.minieye.cc**[6] on or before . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . .Tuesday, December 24, 2024

(2) Announcement of results of allocations in the Hong Kong Public Offering to be available through a variety of channels as described in the section headed "How to Apply for the Hong Kong Offer Shares—B. Publication of Results" . . . . . . . . . . . . . . . . . . . . . . . . Tuesday, December 24, 2024

(3) A full announcement of the Hong Kong Public Offering containing (1) and (2) above to be published on the website of the Stock Exchange at **www.hkexnews.hk** and our Company's website at **www.minieye.cc**[6] from . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . Tuesday, December 24, 2024

Results of allocations in the Hong Kong Public Offering (with successful applicants' identification document numbers where applicable) available through a variety of channels as described in "How to Apply for the Hong Kong Offer Shares—B. Publication of Results" from "Allotment Results" page in the designated results of allocations website at **www.tricorglobal.com.hk/ipo/result** or **www.hkeipo.hk/IPOResult** with a "search by ID number" function from . . . . . . . . . . . . . . . . 11:00 p.m. on Tuesday, December 24, 2024 to 12:00 midnight on Monday, December 30, 2024

Allocation results telephone enquiry line by calling +852 3691 8488 between 9:00 a.m. and 6:00 p.m. . . . . . . . . . Friday, December 27, 2024 to Thursday, January 2, 2025 (excluding Saturday, Sunday and public holiday in Hong Kong)

Despatch of H Share certificates or deposit of the H Share certificates into CCASS in respect of wholly or partially successful applications pursuant to the Hong Kong Public Offering on or before[7] . . . . . . . . . . . . . Tuesday, December 24, 2024

**HK eIPO White Form** e-Auto Refund payment instructions/refund checks in respect of wholly and partially successful applications (if applicable) or wholly or partially unsuccessful applications to be despatched on or before[8][9] . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . Friday, December 27, 2024

Dealings in H Shares on the Stock Exchange expected to commence on . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . Friday, December 27, 2024

*Notes:*

(1) All times and dates refer to Hong Kong local times and dates.

(2) You will not be permitted to submit your application under the **HK eIPO White Form** service through 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 designated website prior to 11:30 a.m., you will be permitted to continue the application process (by completing payment of 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, or a "black" rainstorm warning and/or Extreme Conditions, collectively ("**Bad Weather Signals**") in force in Hong Kong at any time between 9:00 a.m. and 12:00 noon on Friday, December 20, 2024, the application lists will not open and will close on that day. Further information is set out in "How to Apply for the Hong Kong Offer Shares—E. Bad Weather Arrangements."

(4) Applicants who apply for Hong Kong Offer Shares by giving electronic application instructions to HKSCC via HKSCC's FINI system should see "How to Apply for the Hong Kong Offer Shares—A. Applications for Hong Kong Offer Shares—2. Application Channels."

(5) The Price Determination Date is expected to be on or about Monday, December 23, 2024, and in any event, not later than 12:00 noon on Monday, December 23, 2024. If, for any reason, the Offer Price is not agreed between the Overall Coordinators (for themselves and on behalf of the Underwriters and the Capital Market Intermediaries) and us on or before 12:00 noon on Monday, December 23, 2024, the Global Offering will not proceed and will lapse.

(6) None of the websites or any of the information contained on the websites forms part of this prospectus.

(7) H Share certificates are expected to be issued on Tuesday, December 24, 2024 but will only become valid at around 8:00 a.m. on the Listing Date provided that the Global Offering has become unconditional in all respects and the right of termination described in the section headed "Underwriting—Underwriting Arrangements and Expenses—Hong Kong Public Offering—Grounds for Termination" has not been exercised. Investors who trade H Shares before the receipt of H Share certificates or before they become valid do so entirely of their own risk.

(8) e-AutoRefund 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 if the Offer Price is less than the price per Offer Share payable 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 check.

(9) Applicants who have applied for Hong Kong Offer Shares through the **HKSCC EIPO channel** should refer to the section headed "How to Apply for the Hong Kong Offer Shares—D. Despatch/Collection of H Share certificates and Refund of Application Monies" for details.

For applicants who apply through the **HK eIPO White Form** service and paid the application monies from a single bank account, e-Auto Refund payment instructions (if any) will be despatched to their application payment bank account on Friday, December 27, 2024. For applicants who apply through the **HK eIPO White Form** service and used multi-bank accounts to pay the application monies, refund check in favor of the applicant (or, in the case of joint applications, the first-named applicant) (if any) will be despatched to the address specified in their electronic application instruction to the **HK eIPO White Form** Service Provider on or before Friday, December 27, 2024 at their own risk.

H Share certificates and/or refund checks for applicants who have applied for Hong Kong Offer Shares will be despatched by ordinary post, at the applicants' risk, to the addresses specified in the relevant applications.

Further information is set out in the sections headed "How to Apply for the Hong Kong Offer Shares—D. Despatch/Collection of H Share certificates and Refund of Application Monies."

The above expected timetable is a summary only. You should read carefully the sections headed "Underwriting," "Structure of the Global Offering" and "How to Apply for the Hong Kong Offer Shares" for details relating to the structure of the Global Offering, procedures on the applications for Hong Kong Offer Shares and the expected timetable, including conditions, Bad Weather Arrangement and the despatch of refund checks and H Share certificates.

## 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 Joint Global Coordinators, the Joint Bookrunners, the Joint Lead Managers, the Capital Market Intermediaries, 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 **www.minieye.cc**, does not form part of this prospectus.*

**Page**

*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" in this prospectus. You should read that section carefully before you decide to invest in the Offer Shares.*

## OVERVIEW

### Who We Are

We are an intelligent driving and cabin solutions provider in China, offering solutions for critical aspects of the driving experience, including piloting, parking and in-cabin functions. With advanced R&D and commercialization capabilities, we empower intelligent vehicles, enhancing safety and driving experiences while promoting vehicle automation. We are devoted to becoming a leader in the automotive intelligence solutions industry adhering to an incremental approach of intelligent driving development, which means that we gradually develop our intelligent driving solutions of increasing degrees of automation. We provide Level 0 to Level 2+ intelligent driving solutions that are in-house developed and proven by mass production, and we have also been proactively developing more advanced autonomous driving technologies. As of the Latest Practicable Date, we had accumulatively undertaken mass production for 35 automotive original equipment manufacturers (OEMs). We have deployed in the sectors of individual vehicle intelligence and vehicle infrastructure cooperative system, and we aim to create a more comprehensive solutions portfolio that meets diverse customer needs, contributing to the establishment of an automotive intelligence ecosystem. Our in-house platform-based technologies, software-hardware-integrated R&D capabilities and solid mass production capabilities provide our solutions with significant technical advantages and cost-effective features.

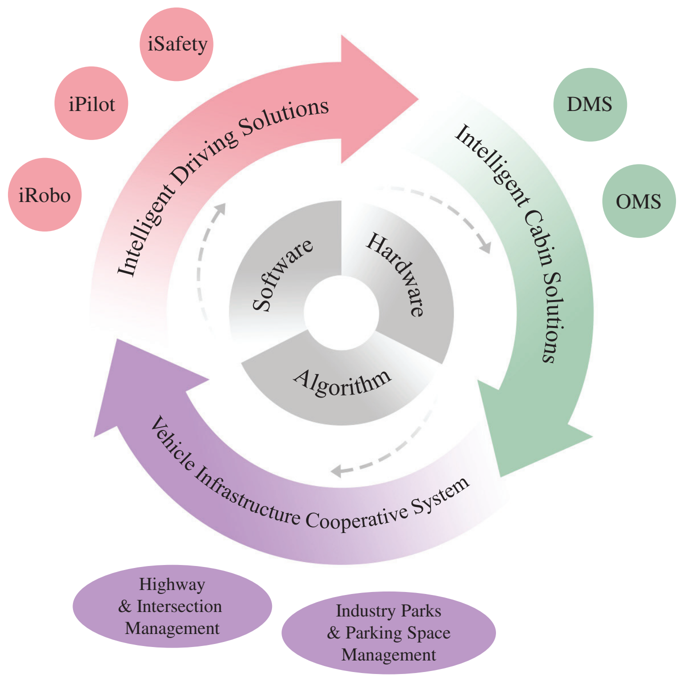
### Our Solutions

Our solutions comprise intelligent driving solutions, intelligent cabin solutions and vehicle infrastructure cooperative systems. We have achieved remarkable accomplishments in each of our business lines:

- *Intelligent driving solutions*. Our intelligent driving solutions primarily include the iSafety and iPilot series. Our iSafety solutions, developed based on advanced driver assistance system (ADAS) technologies, feature: (i) a rich array of cost-effective functions enhancing automotive intelligence and safety; and (ii) high compatibility with various vehicle models, system-on-chip (SoC) platforms and other components. Leveraging our technological capabilities at higher levels of intelligent driving techniques, we provide iPilot solutions to accommodate needs of OEMs for more innovative automation functions of their vehicles in a wide range of application scenarios. Furthermore, we are developing automated driving system (ADS) functions and expect to deliver our iRobo solutions in the first quarter of 2025, which are currently in the testing phase. Our iRobo solutions can support fully autonomous driving in specific areas and operating scenarios. In 2021, 2022, 2023 and the six months ended June 30, 2024, we had design wins under development for our intelligent driving solutions for 18, 19, 20 and 25 vehicle models with 12, 13, 14 and 16 OEMs, respectively, and had undertaken mass production for 22, 50, 56 and 67 vehicle models with 10, 17, 20 and 22 OEMs, respectively. According to CIC, our market share among all intelligent driving solutions providers in China was 0.6% in terms of revenue of Level 0 to Level 2+ solutions in 2023.

- *Intelligent cabin solutions*. Our intelligent cabin solutions are centered around in-cabin sensing and in-cabin interaction, primary comprising Driver Monitoring System (DMS), Occupant Monitoring System (OMS) and other solutions. Supported by our in-house proprietary algorithms, our intelligent cabin solutions are able to achieve high stability and accuracy while performing a broad spectrum of functions that enrich the in-vehicle user experience and automotive safety. In 2021, 2022, 2023 and the six months ended June 30, 2024, we had design wins under development for our intelligent cabin solutions for 4, 17, 31 and 16 vehicle models with 3, 9, 9 and 8 OEMs, respectively, and had undertaken mass production for nil, 3, 10 and 30 vehicle models with nil, 2, 7 and 9 OEMs, respectively. According to CIC, we are among the first batch of suppliers of DMS solutions in China that successfully supported OEMs in obtaining driver drowsiness and attention warning (DDAW) certifications for their vehicle models under the EU General Safety Regulation (GSR).

- *Vehicle infrastructure cooperative systems*. We have been proactively developing vehicle infrastructure cooperative systems, expecting to advance intelligent transportation infrastructure and smart cities. With the intelligent collaborations among the on-board devices of individual vehicle intelligence and the roadside devices of vehicle infrastructure cooperative system, we have been promoting vehicle-to-infrastructure connectivity, and we are committed to achieving further commercialization in this sector. We offer vehicle infrastructure cooperative systems that integrate in-house designed sensor devices, such as radars and cameras, our in-house developed algorithm structures, and advanced "vehicle-to-everything (V2X)" technologies. We generally work with customers in the transportation infrastructure sector aiming to augment road safety and traffic efficiency, and also help customers manage traffic flows in industry parks and parking areas. During the Track Record Period and up to the Latest Practicable Date, we had participated in 21 typical vehicle infrastructure cooperative system projects in China.




We have strategically laid out and advanced our three principal business lines based on our three core strengths in algorithm development, software engineering and hardware design. This strategy aligns with the market demand and technology development in the automotive intelligence solutions industry.

Intelligent driving solutions are the core and foundation of our business. The market's recognition and application of intelligent driving technologies is a step-by-step process, and we have accordingly adopted an incremental strategy. Starting from basic ADAS functions, we have been continually refining and enhancing our solutions. Our intelligent driving solutions portfolio is tailored to meet the requirements of various driving scenarios and diverse vehicle models of OEMs. The technological capabilities, accumulated experience, expansive customer base and esteemed reputation we have cultivated since our inception provide a robust foundation for our future growth.

Intelligent cabin solutions significantly elevate the safety and comfort of journeys for both drivers and passengers, creating synergies with intelligent driving solutions. As automotive intelligence advances to higher levels, the importance of the interaction among various driving and cabin solutions becomes more prominent. Intelligent cabin solutions not only bolster safety by monitoring driver behavior and status and timely intervening during intelligent driving, but also provide interactive and intelligent in-cabin functions, offering differentiated driver and passenger experiences. With our strengths in both sectors, we are well positioned to deliver advanced solutions in line with the trend of "crossover and integration" as advocated by mainstream OEMs.

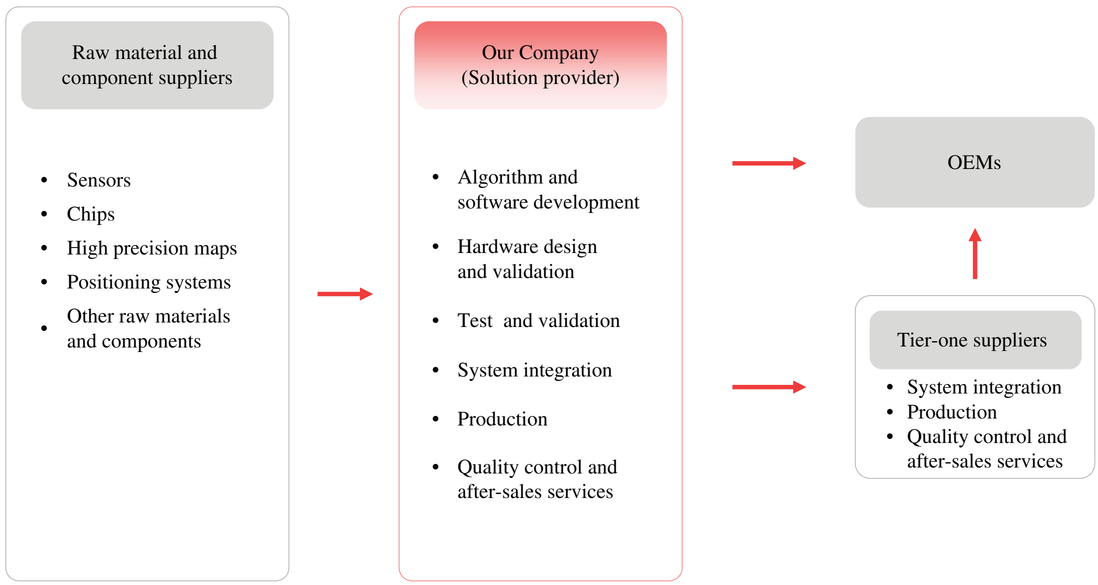
The vehicle infrastructure cooperative systems stand as pivotal elements in realizing overall automotive intelligence. In response to the development of intelligent transportation infrastructure and smart cities, in addition to focusing on individual vehicle intelligence, we have also entered broader application scenarios and new markets by offering solutions in relation to vehicle infrastructure cooperative systems. By fostering vehicle-to-infrastructure connectivity and information interaction, our solutions empower vehicles with extended perception capabilities, acting as a driving force for the widespread adoption of intelligent driving technologies.

During the Track Record Period, our solutions were deployed in a growing number of vehicle models. As of December 31, 2021, 2022 and 2023 and June 30, 2024, we had design wins under development for 20, 36, 51 and 41 vehicle models with 14, 20, 21 and 22 OEMs, respectively, and had undertaken mass production for 22, 53, 64 and 94 vehicle models with 9, 19, 26 and 29 OEMs, respectively. Our design wins boast a high conversion rate to mass production, underscoring our strength in project execution. In the intelligent driving solutions segment, for design wins secured in 2021, 2022 and 2023, the rate of commencing mass production by the end of the Track Record Period was 96.2%, 83.9% and 50.0%, respectively; for design wins secured in 2023 and the six months ended June 30, 2024, the rate of commencing mass production by the Latest Practicable Date was 90.9% and 58.3%, respectively. In the intelligent cabin solutions segment, for design wins secured in 2021, 2022 and 2023, the rate of commencing mass production by the end of the Track Record Period was 100.0%, 100.0% and 63.2%, respectively; for design wins secured in 2023 and the six months ended June 30, 2024, the rate of commencing mass production by the Latest Practicable Date was 89.5% and 11.1%, respectively. Despite the growing number of design wins obtained by us during the Track Record Period, there is no guarantee that such projects will eventually reach mass production nor any guarantee on the respective selling prices and commercial terms of our solutions.

Our revenue increased from RMB175.2 million in 2021 to RMB279.4 million in 2022 and further increased to RMB476.2 million in 2023, representing a CAGR of 64.9% from 2021 to 2023. Our revenue increased by 44.5% from RMB163.8 million for the six months ended June 30, 2023 to RMB236.7 million for the same period in 2024.

Our experienced and visionary management has built a comprehensive team covering R&D, procurement, production, and marketing and sales, consistently creating value for our shareholders and customers. As a pioneer of incremental intelligent driving development in China, we are committed to shaping an automotive intelligence ecosystem through technological innovations to improve road safety and enhance driving experiences.

The following diagram illustrates the respective roles of all the stakeholders along the value chain:




We operate as a solution provider in the industry value chain. Upstream, we source critical raw materials and components, including sensors, chips, high precision maps, positioning systems and other necessary materials. Our core activities encompass algorithm and software development, hardware design, testing and validation, system integration, production, quality control and after-sales services. These activities enable us to create comprehensive intelligent driving and cabin solutions that enhance vehicle intelligence, safety and in-vehicle experiences. For details of our competitive strengths compared to our peers, see "Business—Our Strengths." Downstream, our solutions reach the market through two primary channels. We supply solutions directly to OEMs, collaborating closely with them to customize and integrate our technologies into their vehicle models. We also provide solutions to tier-one suppliers, who then integrate our technologies into their products before supplying them to OEMs.

**Our Technologies**

Our in-house R&D capabilities serve as the foundation for comprehensive technological advancements and iterations, enhancing the autonomy of our solutions and enabling us to extend into different business lines. Our in-house R&D capabilities enable us to swiftly commercialize our R&D achievements and form a more flexible solutions delivery model. We believe our in-house R&D capabilities are the key factor that sets us apart in the automotive intelligence solutions industry and the cornerstone for the commercialization of our future R&D achievements. Our in-house R&D capabilities enable us to quickly respond to market changes, strengthen customer cooperation, establish competitive advantages, and enhance our industry reputation.

Our technologies possess the following core advantages that allow us to achieve commercialization efficiently:

- **Core Algorithms.** Our in-house developed core algorithms, encompassing the four main intelligent driving modules, i.e. perception, fusion, mapping and localization and planning and control, enable us to quickly respond to the needs of our customers cost-effectively.

- **Compatible and Portable Technologies.** Our algorithms and middleware can be flexibly embedded on multiple mainstream SoC platforms, thereby ensuring high reusability across various vehicle models and streamlining the development process.

- **Software-Hardware-Integrated Design Capabilities.** By concurrently designing software and hardware, we can build a more holistic and optimized system, improving the compatibility, stability and overall performance of our solutions.

See "Business—Our Technologies."

**Research and Development**

Our R&D team collaborates with our production and supply chain teams in order to continually optimize and improve manufacturing processes and supply chain management. As of June 30, 2024, our R&D team comprised 304 employees, 53.9% holding a bachelor's degree and 28.9% holding a master's degree or above. In 2021, 2022 and 2023 and the six months ended June 30, 2023 and 2024, we recorded R&D expenses of RMB82.2 million, RMB139.3 million, RMB149.8 million, RMB81.4 million and RMB63.3 million, respectively. See "Business—Research and Development."

**Our Production**

We commenced production at our Bao'an Production Base in July 2022, which has a gross floor area of approximately 2,500 square meters. Its design annual production capacity is approximately 377,400 units. In 2023 and the six months ended June 30, 2024, the production volume of our Bao'an Production Base was around 212,200 units and 93,300 units, respectively, and the utilization rate was 56.2% and 53.5%, respectively.

Currently, our Bao'an Production Base primarily focuses on three final production procedures: three-proof coating, assembly and packaging. To enhance our control over the entire production process, especially procedures of surface mount technology (SMT), dual in-line package (DIP) and depaneling, we have established our Guangzhou Production Base. We commenced production at our Guangzhou Production Base in the third quarter of 2024. Our Guangzhou Production Base has a total gross floor area of approximately 3,400 square meters.

During the Track Record Period, certain production processes were performed by our contract manufacturers. After our Bao'an Production Base was put into operation in July 2022, we have been able to handle the production processes of three-proof coating, assembly and packaging for some of our solutions. In 2023 and the six months ended June 30, 2024, 24.4% and 21.0% of our solutions delivered in the form of hardware were produced by our own production base, respectively, and the rest were manufactured by our contract manufacturers. See "Business—Our Production."

**Competitive Landscape of the Chinese Intelligent Driving Solutions Industry**

The Chinese intelligent driving solutions industry is experiencing rapid growth, attracting a broad range of participants. Currently, overseas providers dominate the market with significant market shares. According to CIC, the collective market share of the eight major overseas traditional tier-one suppliers in the Chinese market was approximately 60.0% in terms of revenue of Level 0 to Level 2+ solutions in 2023. Chinese domestic providers are gaining ground through rapid product iterations and high product adaptability. The market share of domestic intelligent driving solutions providers increased from 6% in 2019 to 18% in 2023. In terms of revenue from Level 0 to Level 2+ solutions in 2023, our market share among domestic and all intelligent driving solutions providers in China was 3.2% and 0.6%, respectively, according to CIC.

## OUR STRENGTHS

We believe that the following competitive strengths contribute to our success: (i) pioneer of incremental intelligent driving development in China well-positioned for extensive growth opportunities; (ii) comprehensive solutions portfolio addressing customer needs with proven commercialization capabilities; (iii) full-stack in-house R&D capabilities driving swift and efficient commercialization of our R&D achievements; (iv) platform-based and software-hardware-integrated R&D capabilities enabling algorithmic optimization advantages and solutions cost-effectiveness; (v) solid mass production capabilities underpinning solutions competitiveness; (vi) top-tier customer base and proven track record with a solid foundation for overseas expansion; and (vii) visionary management team with strong shareholder support and experienced workforce committed to our mission and values. See "Business—Our Strengths."

## OUR STRATEGIES

We have formulated the following strategies in line with our mission and vision: (i) continuously focusing on technological innovation and optimizing our solutions; (ii) developing individual vehicle intelligence and vehicle infrastructure cooperative system to empower the automotive intelligence ecosystem; (iii) consistently promoting globalization to become a leader in the automotive intelligence solutions industry; (iv) continuously enhancing intelligent production capability to accelerate commercialization; (v) continuously attracting talent for technological innovation; and (vi) further developing customer base and exploring new business pathways. See "Business—Our Strategies."

## OUR CUSTOMERS AND SUPPLIERS

Our customers primarily consist of OEMs and tier-one suppliers, the majority of which are located in the PRC. For the years ended December 31, 2021, 2022 and 2023 and the six months ended June 30, 2024, the revenue from our five largest customers for the respective years/period in aggregate accounted for 78.0%, 42.7%, 37.0% and 39.8% of our total revenue, respectively, and our largest customer for the respective years/period contributed 31.7%, 16.6%, 11.4% and 10.5% of our total revenue, respectively.

Our suppliers primarily consist of raw materials and components suppliers, including suppliers for, among others, electronic components, structure components and camera module, the majority of which are located in the PRC. For the years ended December 31, 2021, 2022 and 2023 and the six months ended June 30, 2024, our five largest suppliers for the respective years/period in aggregate accounted for 41.9%, 36.3%, 41.7% and 38.9% of our total purchase amount, respectively, and our largest supplier for the respective years/period contributed 15.3%, 8.0%, 11.7% and 3.2% of our total purchase amount, respectively.

## SUMMARY OF HISTORICAL FINANCIAL INFORMATION

### Summary of Consolidated Statements of Comprehensive Loss

The following table summarizes our results of operations for the years/periods indicated:

| | Year ended December 31, | | | | | | Six months ended June 30, | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | 2021 | | 2022 | | 2023 | | 2023 | | 2024 | |
| | Amount | % of revenue | Amount | % of revenue | Amount | % of revenue | Amount | % of revenue | Amount | % of revenue |
| | *(RMB in thousands, except for percentages)* | | | | | | | | | |
| | | | | | | | *(unaudited)* | | | |
| Revenue | 175,174 | 100.0 | 279,358 | 100.0 | 476,206 | 100.0 | 163,834 | 100.0 | 236,675 | 100.0 |
| Cost of sales | (158,173) | (90.3) | (245,788) | (88.0) | (408,184) | (85.7) | (150,173) | (91.7) | (203,254) | (85.9) |
| **Gross profit** | **17,001** | **9.7** | **33,570** | **12.0** | **68,022** | **14.3** | **13,661** | **8.3** | **33,421** | **14.1** |
| Selling expenses | (51,717) | (29.5) | (63,374) | (22.7) | (72,735) | (15.3) | (33,118) | (20.2) | (32,015) | (13.5) |
| General and administrative expenses | (45,454) | (25.9) | (54,769) | (19.6) | (74,294) | (15.6) | (30,836) | (18.8) | (50,196) | (21.2) |
| Research and development expenses | (82,201) | (46.9) | (139,349) | (49.9) | (149,826) | (31.5) | (81,389) | (49.7) | (63,310) | (26.7) |
| Net impairment losses on financial assets | (2,196) | (1.3) | (7,517) | (2.7) | (6,116) | (1.3) | (4,603) | (2.8) | (6,595) | (2.8) |

| | Year ended December 31, | | | | | | Six months ended June 30, | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | 2021 | | 2022 | | 2023 | | 2023 | | 2024 | |
| | Amount | % of revenue | Amount | % of revenue | Amount | % of revenue | Amount | % of revenue | Amount | % of revenue |
| | *(RMB in thousands, except for percentages)* | | | | | | | | | |
| | | | | | | | *(unaudited)* | | | |
| Other income | 23,908 | 13.6 | 4,734 | 1.7 | 27,922 | 5.9 | 3,160 | 1.9 | 6,259 | 2.6 |
| Other gains – net | 2,016 | 1.2 | 6,334 | 2.3 | 1,338 | 0.3 | 822 | 0.5 | 2,501 | 1.1 |
| **Operating loss** | **(138,643)** | **(79.1)** | **(220,371)** | **(78.9)** | **(205,689)** | **(43.2)** | **(132,303)** | **(80.8)** | **(109,935)** | **(46.4)** |
| Finance costs – net | (704) | (0.4) | (287) | (0.1) | (1,406) | (0.3) | (496) | (0.3) | (2,113) | (0.9) |
| **Loss before income tax** | **(139,347)** | **(79.5)** | **(220,658)** | **(79.0)** | **(207,095)** | **(43.5)** | **(132,799)** | **(81.1)** | **(112,048)** | **(47.3)** |
| Income tax expense | (450) | (0.3) | (172) | (0.1) | (60) | (0.0) | (33) | (0.0) | – | – |
| **Loss for the year/period** | **(139,797)** | **(79.8)** | **(220,830)** | **(79.0)** | **(207,155)** | **(43.5)** | **(132,832)** | **(81.1)** | **(112,048)** | **(47.3)** |
| **Loss for the year/period attributable to:** | | | | | | | | | | |
| Owners of the Company | (132,220) | (75.5) | (214,864) | (76.9) | (197,238) | (41.4) | (125,830) | (76.8) | (108,135) | (45.7) |
| Non-controlling interest | (7,577) | (4.3) | (5,966) | (2.1) | (9,917) | (2.1) | (7,002) | (4.3) | (3,913) | (1.6) |

### Non-IFRS Measures

To supplement our consolidated financial statements, which are presented in accordance with IFRS, we also use adjusted net loss (non-IFRS measure) and adjusted net loss margin (non-IFRS measure) as additional financial measures, which are not required by, or presented in accordance with IFRS. We believe these non-IFRS measures, when shown in conjunction with the corresponding IFRS measures, facilitate comparisons of operating performance from period to period and company to company by eliminating potential impacts of items.

We believe these measures provide useful information to investors and others in understanding and evaluating our consolidated results of operations in the same manner as they help our management. However, our presentation of adjusted net loss (non-IFRS measure) may not be comparable to similarly titled measures presented by other companies. The use of these non-IFRS measures has limitations as an analytical tool, and you should not consider them in isolation from, or as a substitute for an analysis of, our results of operations or financial condition as reported under IFRS. We define adjusted net loss (non-IFRS measure) as net loss for the year/period adjusted by adding back share-based payment and listing expenses and adjusted net loss margin (non-IFRS measure) as adjusted net loss (non-IFRS measure) divided by revenue. The adjustments have been consistently made during the Track Record Period.

The following table reconciles our adjusted net loss (non-IFRS measure) for the year/period indicated with our net loss, or loss for the year/period presented in accordance with IFRS:

| | Year ended December 31, | | | Six months ended June 30, | |
|---|---|---|---|---|---|
| | 2021 | 2022 | 2023 | 2023 | 2024 |
| | *(RMB in thousands)* | | | | |
| | | | | *(unaudited)* | |
| **Loss for the year/period** | **(139,797)** | **(220,830)** | **(207,155)** | **(132,832)** | **(112,048)** |
| Add: | | | | | |
| Share-based payment[(1)] | 8,802 | 14,960 | 22,401 | 11,200 | 15,311 |
| Listing expenses | – | – | – | – | 14,298 |
| **Adjusted net loss (non-IFRS measure)** | **(130,995)** | **(205,870)** | **(184,754)** | **(121,632)** | **(82,439)** |
| **Adjusted net loss margin (non-IFRS measure)[(2)]** | **(74.8)%** | **(73.7)%** | **(38.8)%** | **(74.2)%** | **(34.8)%** |

*Notes:*

(1) Share-based payment is a non-cash expense arising from granting share-based awards to selected employees. It mainly represents the arrangement that we receive services from employees as consideration for our equity instruments. Share-based payment is not expected to result in future cash payments. Share-based payment is recorded under our selling expenses, general and administrative expenses and research and development expenses; and share-based payment in the above table represents the sum of that recorded under each type of such expenses.

(2) Adjusted net loss margin (non-IFRS measure) equals adjusted net loss (non-IFRS measure) for the year/period divided by revenue for the year/period and multiplied by 100%.

For details, see "Financial Information—Non-IFRS Measures."

Our revenue increased from RMB175.2 million in 2021 to RMB279.4 million in 2022, and further increased to RMB476.2 million in 2023, primarily driven by: (i) year-on-year revenue growth of our intelligent driving solutions, mainly due to (a) an increase in the number of design wins we obtained from OEMs, which was in line with increased market demand for intelligent driving solutions in 2022 and 2023, and (b) an increase in the number of delivered projects of iPilot solutions in 2023; and (ii) increased revenue from our vehicle infrastructure cooperative systems in 2023, primarily due to the delivery of more large-scale projects in 2023 as compared to a few small-scale projects delivered in 2022 when we first started delivering for this business, as our offerings of vehicle infrastructure cooperative systems became more established and versatile. Our revenue increased from RMB163.8 million in the six months ended June 30, 2023 to RMB236.7 million in the six months ended June 30, 2024, primarily driven by (i) an increase in revenue from our intelligent driving solutions primarily due to: (a) an increase in the number of design wins we obtained from OEMs, which was in line with the increased market demand for intelligent driving solutions; and (b) an increase in the delivered projects of our iSafety and iPilot solutions, and (ii) the ramping up of our intelligent cabin solutions and vehicle infrastructure cooperative systems.

In 2021, 2022 and 2023 and the six months ended June 30, 2023 and 2024, we incurred net loss of RMB139.8 million, RMB220.8 million, RMB207.2 million, RMB132.8 million and RMB112.0 million, respectively. Our net losses occurred primarily because we were still at a ramp-up stage and aim at long-term business success and financial return in the automotive intelligence solutions industry, rather than seeking near-term profitability at the expense of long-term market potential. See "—Business Sustainability" and "Financial Information—Period-to-Period Comparison of Results of Operations."

**Summary of Consolidated Statements of Balance Sheets**

The following table sets forth a summary of our consolidated statement of financial position as of the dates indicated:

| | As of December 31, | | | As of June 30, |
|---|---|---|---|---|
| | 2021 | 2022 | 2023 | 2024 |
| | *(RMB in thousands)* | | | |
| Non-current assets | 40,539 | 58,085 | 95,701 | 140,866 |
| Current assets | 705,146 | 758,922 | 992,107 | 946,893 |
| **Total assets** | **745,685** | **817,007** | **1,087,808** | **1,087,759** |
| Non-current liabilities | 10,457 | 21,013 | 50,780 | 69,150 |
| Current liabilities | 318,168 | 251,921 | 283,954 | 362,272 |
| **Total liabilities** | **328,625** | **272,934** | **334,734** | **431,422** |
| **Net current assets** | **386,978** | **507,001** | **708,153** | **584,621** |
| **Total equity** | **417,060** | **544,073** | **753,074** | **656,337** |
| Non-controlling interests | (9,543) | 14,491 | 19,574 | 15,661 |

Our net current assets increased by 31.0% from RMB387.0 million as of December 31, 2021 to RMB507.0 million as of December 31, 2022, primarily due to (i) an increase of RMB116.8 million in trade and notes receivables, which was in line with our business growth, and (ii) a decrease of RMB193.4 million in other payables and accruals, primarily due to a decrease in the advance receipts of financing we received in 2021 following the completion of the capital increase in 2022, partially offset by (i) a decrease of RMB90.6 million in financial assets at FVPL in relation to our investments in structured deposits and wealth management products, and (ii) an increase of RMB79.0 million in trade and notes payables in line with our business growth. Our net current assets further increased by 39.7% from RMB507.0 million as of December 31, 2022 to RMB708.2 million as of December 31, 2023, primarily due to (i) an increase of RMB115.9 million in trade and notes receivables, which was in line with our business growth, and (ii) an increase of RMB166.0 million in financial assets at FVPL in relation to our investments in structured deposits and wealth management products. Our net current assets decreased by 17.5% from RMB708.2 million as of December 31, 2023 to RMB584.6 million as of June 30, 2024, primarily due to (i) a decrease of RMB89.7 million in financial assets at FVPL in relation to our investments in structured deposits and wealth management products, and (ii) an increase of RMB59.4 million in our current borrowings as we optimized our debt structure by making better utilization of our debt financing resources, partially offset by an increase of RMB64.8 million in trade and notes receivables, which was in line with our business growth.

Our net assets increased from RMB417.1 million as of December 31, 2021 to RMB544.1 million as of December 31, 2022, primarily due to the capital contributions from owners of the Company of RMB305.9 million, partially offset by the net loss of RMB220.8 million in 2022. Our net assets further increased from RMB544.1 million as of December 31, 2022 to RMB753.1 million as of December 31, 2023, primarily due to the capital contributions from owners of the Company of RMB348.5 million, partially offset by the net loss of RMB207.2 million in 2023. Our net assets decreased from RMB753.1 million as of December 31, 2023 to RMB656.3 million as of June 30, 2024, primarily attributable to the net loss of RMB112.0 million in the six months ended June 30, 2024, partially offset by share-based payment of RMB15.3 million in the six months ended June 30, 2024.

**Summary of the Consolidated Statements of Cash Flows**

The following table sets forth selected cash flow statement information for the years/periods indicated:

| | Year ended December 31, | | | Six months ended June 30, | |
|---|---|---|---|---|---|
| | 2021 | 2022 | 2023 | 2023 | 2024 |
| | *(RMB in thousands)* | | | | |
| | | | | *(unaudited)* | |
| Operating loss before changes in working capital | (121,327) | (186,842) | (150,302) | (101,565) | (67,299) |
| Changes in working capital | (130,516) | (69,380) | (127,943) | (13,822) | (18,934) |
| Interest received | 213 | 1,234 | 1,967 | 1,015 | 1,669 |
| Income taxes paid | (450) | (172) | (60) | (60) | (15) |
| Net cash used in operating activities | (252,080) | (255,160) | (276,338) | (114,432) | (84,579) |
| Net cash (used in)/generated from investing activities | (55,405) | 75,411 | (188,357) | (47,975) | 32,653 |
| Net cash generated from financing activities | 535,336 | 150,589 | 418,870 | 44,458 | 74,105 |
| **Net (decrease)/increase in cash and cash equivalents** | **227,851** | **(29,160)** | **(45,825)** | **(117,949)** | **22,179** |
| Cash and cash equivalents at the beginning of the year/period | 45,001 | 272,824 | 243,785 | 243,785 | 197,934 |
| Effects of exchange rate changes on cash and cash equivalents | (28) | 121 | (26) | 68 | 12 |
| **Cash and cash equivalents at the end of the year/period** | **272,824** | **243,785** | **197,934** | **125,904** | **220,125** |

We had net cash outflows from operating activities during the Track Record Period. In 2021, we had net cash used in operating activities of RMB252.1 million, which represents our loss before income tax of RMB139.3 million, as adjusted by non-cash and non-operating items, and movements in working capital primarily consisting of (i) an increase in inventories of RMB82.2 million, primarily because we procured and maintained a relatively high level of semiconductor chips inventory in 2021 to ensure that our production would not be disrupted in light of any supply crunch, see "Business—Impact of the COVID-19 Pandemic and the Global Shortage of Semiconductor Chips," and (ii) an increase in financial assets at fair value through other comprehensive income of RMB35.2 million, primarily due to the increase in our notes receivables classified as financial assets at fair value through other comprehensive income ("FVOCI") in 2021, see Note 23 to the Accountant's Report in Appendix I to this prospectus. In 2022, we had net cash used in operating activities of RMB255.2 million, which represents our loss before income tax of RMB220.7 million, as adjusted by non-cash and non-operating items and movements in working capital primarily consisting of an increase in trade and notes receivables of RMB127.7 million in line with our business growth, partially offset by an increase in trade payables of RMB79.0 million, primarily due to an increase in our procurement of raw materials in line with our business expansion. In 2023, we had net cash used in operating activities of RMB276.3 million, which represents our loss before income tax of RMB207.1 million, as adjusted by non-cash and non-operating items and movements in working capital primarily consisting of an increase in trade and notes receivables of RMB120.1 million in line with our business growth. In the six months ended June 30, 2024, we had net cash used in operating activities of RMB84.6 million, which represents our loss before income tax of RMB112.0 million, as adjusted by non-cash and non-operating items and movements in working capital primarily consisting of (i) a decrease in financial assets at FVOCI of RMB29.5 million, mainly due to a decrease in our notes receivables classified as financial assets at FVOCI in the first half of 2024; and (ii) an increase in trade payables and accruals of RMB19.4 million, primarily due to an increase in our procurement of raw materials in line with our business expansion, partially offset by an increase in trade and notes receivables of RMB68.2 million in line with our business growth. See "Risk factors—Risks Relating to Our Business and Industry—We recorded net losses and had net operating cash outflows during the Track Record Period" and "Financial Information—Liquidity and Capital Resources."

## KEY OPERATING DATA

The following tables set forth our key operating data for the periods indicated:

| | Year ended December 31, | | | Six months ended June 30, | |
|---|---|---|---|---|---|
| | 2021 | 2022 | 2023 | 2023 | 2024 |
| ***Intelligent Driving Solutions*** | | | | | |
| Revenue (RMB in thousands) | 173,019 | 267,312 | 386,150 | 142,617 | 182,279 |
| *iSafety* | 173,007 | 231,501 | 334,780 | 125,307 | 152,867 |
| *iPilot* | 12 | 35,811 | 51,370 | 17,310 | 29,412 |
| Gross profit (RMB in thousands) | 18,496 | 26,954 | 53,094 | 11,398 | 25,290 |
| *iSafety* | 18,486 | 18,832 | 39,694 | 10,779 | 15,730 |
| *iPilot* | 10 | 8,122 | 13,400 | 619 | 9,560 |
| Gross profit margin (%) | 10.7% | 10.1% | 13.7% | 8.0% | 13.9% |
| *iSafety* | 10.7% | 8.1% | 11.9% | 8.6% | 10.3% |
| *iPilot* | 85.2% | 22.7% | 26.1% | 3.6% | 32.5% |
| Delivery volume (units in thousands) | 207.5 | 320.1 | 785.4 | 386.3 | 386.0 |
| Average selling price (RMB per unit) | 833.9 | 835.0 | 491.6 | 369.2 | 472.2 |
| ***Intelligent Cabin Solutions*** | | | | | |
| Revenue (RMB in thousands) | 696 | 1,565 | 18,346 | 4,089 | 30,540 |
| Gross profit (RMB in thousands) | (12) | 712 | 1,076 | (414) | 1,607 |
| Gross profit margin (%) | (1.7)% | 45.5% | 5.9% | (10.1)% | 5.3% |
| Delivery volume (units in thousands) | –(1) | 0.4 | 32.5 | 11.2 | 87.0 |
| Average selling price (RMB per unit) | –(2) | –(2) | 565.0 | 366.5 | 351.1 |
| ***Vehicle infrastructure cooperative systems*** | | | | | |
| Revenue (RMB in thousands) | – | 722 | 71,454 | 16,965 | 23,626 |
| Gross profit (RMB in thousands) | – | 74 | 14,138 | 2,643 | 6,885 |
| Gross profit margin (%) | – | 10.2% | 19.8% | 15.6% | 29.1% |

*Notes:*

(1) Less than 50 units

(2) Average selling price not meaningful given negligible delivery volume

| | As of or for the year ended December 31, | | | As of or for the six months ended June 30, |
|---|---|---|---|---|
| | 2021 | 2022 | 2023 | 2024 |
| Number of design-wins as of the end of the relevant year/period[(1)] | 20 | 36 | 51 | 41 |
| Number of SOPs as of the end of the relevant year/period[(2)] | 22 | 53 | 64 | 94 |
| Rate of conversion from design-win[(3)] to SOP as of the Latest Practicable Date | 96.4% | 87.0% | 93.1% | 38.1%[(4)] |

*Notes:*

(1) Refers to the number of design-wins as of the end of the relevant year or period, calculated by adding newly secured design-wins and deducting design-wins converted to SOPs during the relevant year or period. The number of design-wins grew steadily from December 31, 2021 to December 31, 2023. The number of design-wins decreased from December 31, 2023 to June 30, 2024 because we had a relatively larger number of design-wins converted to SOPs during this period.

(2) Refers to the number of SOPs as of the end of the relevant year or period. The number of SOPs grew steadily throughout the Track Record Period.

(3) Refers to the number of design-wins obtained during the respective year or period.

(4) The conversion rate for this period was relatively low because of the proximity between June 30, 2024 and the Latest Practicable Date.

**Intelligent Driving Solutions**

Our revenue from intelligent driving solutions generally increased throughout the Track Record Period, mainly attributable to: (i) an increase in the number of design wins we obtained from OEMs, which was in line with the increased market demand for intelligent driving solutions; and (ii) an increase in the delivered projects of iSafety and iPilot. The revenue, gross profit and gross profit margin of our iPilot solutions in 2021 were not representative due to negligible delivery volume. Since then, we experienced significant growth in revenue and gross profit of iPilot solutions. The gross margin of our iSafety solutions decreased from 2021 to 2022 as a result of the changes in product mix and a decrease in the unit price of earlier product series. As a result, our gross profit from iSafety solutions increased slightly from 2021 to 2022. The gross margin of iSafety increased from 2022 to 2023 and from the six months ended June 30, 2023 to the same period in 2024 as we launched new product series with relatively higher margins in the second half of 2023. The gross margin of our iPilot solutions was relatively high in 2021 primarily because we were able to secure relatively high selling prices from customers due to our significant efforts to develop such prototype samples and limited supply of comparable products in the market. The gross margin of our iPilot solutions increased significantly from the six months ended June 30, 2023 to the same period in 2024 as we advanced the product specifications and performance of our iPilot solutions, which boosted our selling prices and gross profit margin.

The average selling price of our intelligent driving solutions remained relatively stable as we reduced the unit price of earlier series of iSafety solutions while we ramped up delivery of iPilot solutions, which had relatively high selling prices. The average selling price of our intelligent driving solutions decreased from 2022 to 2023, primarily attributable to (i) changes in our product mix where, instead of delivering solutions that integrated both controllers and sensors, we delivered a large amount of solutions in 2023 that consisted of controllers only and had relatively low selling prices; and (ii) a decrease in selling prices of our earlier product series. Our delivery volume of intelligent driving solutions increased significantly from 2022 to 2023 primarily as we captured the increased market demand of such solutions through the aforementioned adjustments in product mix and pricing. Our average selling price of intelligent driving solutions increased from the six months ended June 30, 2023 to the same period in 2024, primarily because we reduced delivery of certain solutions that had relatively low selling price and delivered certain customized advanced iPilot solutions on demand with relatively high selling prices in the first half of 2024. As a result, our delivery volume of intelligent driving solutions remained relatively stable in the six months ended June 30, 2023 and 2024.

**Intelligent Cabin Solutions**

The operating data of our intelligent cabin solution business in 2021, 2022 and the six months ended June 30, 2023 were not representative due to very limited delivery volume during the initial prototype sample phase. The relatively high gross margin in 2022 was primarily attributable to the relatively high selling prices resulted from our significant efforts to develop such prototype samples and limited supply of such finished products. We gradually ramped up this business segment since the second half of 2023 and our delivery volume increased significantly from the six months ended June 30, 2023 to the same period in 2024.

**Vehicle Infrastructure Cooperative Systems**

Our revenue and gross profit of vehicle infrastructure cooperative system in 2022 was low as we only delivered a few small-scale projects in 2022 when we first started delivering for this business. As our vehicle infrastructure cooperative system business became more established in the second half of 2023 and we had obtained and delivered more large-scale projects that had relatively higher gross margin, our revenue, gross profit and gross profit margin increased from 2022 to 2023, and from the six months ended June 30, 2023 to the same period in 2024.

During the Track Record Period, the gross profit margin of our intelligent cabin solutions was generally lower than that of our intelligent driving solutions, primarily because our intelligent driving solution business was more established and we had begun benefiting from economies of scale for this segment while we were still gradually ramping up our intelligent cabin solution business and strategically lowered our selling prices to capture market opportunities. During the Track Record Period, we had relatively high gross profit margins for our vehicle infrastructure cooperative systems primarily because projects in such segment were generally large in scale and broad in scope. In addition, we were able to utilize technology developed for the intelligent driving solutions in developing our vehicle infrastructure cooperative systems and thus realized relatively high gross margin through such synergistic effect.

## BUSINESS SUSTAINABILITY

We achieved strong revenue growth during the Track Record Period, from RMB175.2 million in 2021 to RMB476.2 million in 2023 and from RMB163.8 million in the six months ended June 30, 2023 to RMB236.7 million in the six months ended June 30, 2024. However, our growth in revenue had yet been able to fully cover the various costs and expenses incurred during the Track Record Period. The automotive intelligence solutions market in which we operate is highly competitive, and the technologies are rapidly evolving. According to CIC, the top 10 domestic intelligent driving solutions providers collectively held only a 14.7% market share in 2023, and the technology enhancements in the computing power of chips, more complex suites of sensors and highly adaptable algorithms, among other things, have significantly propelled the performance of intelligent driving solutions in the past few years. In the early stages of our development, we strategically invested heavily in our research and development to better understand the fast-paced product demand iterations and continuous technological innovations characteristic of this fast-developing industry, and actively increased our sales force to strengthen our customer base and drive future growth. Our focus has always been on enhancing our core technological capabilities and steadily launching new solutions to strengthen our customer base, rather than pursuing short-term profitability.

In 2021, 2022 and 2023 and the six months ended June 30, 2023 and 2024, we had net losses of RMB139.8 million, RMB220.8 million, RMB207.2 million, RMB132.8 million and RMB112.0 million, respectively. Our loss-making position is primarily a result of the combination of: (i) procurement costs of raw materials and consumables; (ii) investment in R&D; and (iii) investment in attracting and retaining talent. Our net loss increased from RMB139.8 million in 2021 to RMB220.8 million in 2022, primarily due to increases in our procurement costs of raw materials and consumables and research and development expenses. The expansion of our R&D team, coupled with increased service fees for specific projects, aimed to support the continual enhancement of our technological capabilities and the expansion of our solutions portfolio. Our net loss decreased from RMB220.8 million in 2022 to RMB207.2 million in 2023, primarily due to (i) an increase in our revenue that outpaced the growth in our cost of sales as we began to benefit from economies of scale, (ii) an increase in the revenue contribution of our solutions under the intelligent driving solutions and vehicle infrastructure cooperative systems businesses with a higher gross margin, and (iii) a decrease in our operating expenses as a percentage of total revenue attributable to our enhancement of operating efficiency. Our net loss decreased from RMB132.8 million in the six months ended June 30, 2023 to RMB112.0 million in the six months ended June 30, 2024, primarily due to (i) an increase in our gross profit due to (a) the achievement of economies of scale as we scaled up our business, and (b) an increase in the revenue contribution of intelligent driving solutions with a higher gross margin, such as the iPilot, and (ii) a decrease in our research and development expenses as we had benefited from earlier R&D achievements and incurred less non-project-specific research and development costs, which are categorized as research and development expenses, in the six months ended June 30, 2024.

Our loss-making position is primarily a result of the complexity involved in the R&D of intelligent driving solutions. Below are the major aspects of our R&D activities that contributed substantially to our loss-making position during the Track Record Period:

- *Building comprehensive R&D capabilities.* We established various specialized R&D teams across hardware, software and algorithm development. Our algorithm engineers cover four specialities throughout the development cycle: perception, fusion, mapping and localization, and planning and control. We believe the full-cycle R&D capabilities allow us to achieve high cost-efficiency in technology upgrade and product iteration.

- *Investment in cutting-edge laboratories and equipment.* Intelligent driving demands high precision and reliability. During the Track Record Period, we established several advanced facilities, including a reliability lab, a full-vehicle calibration facility, a simulation testing lab and several advanced visualization systems. These industry-leading equipment and facilities help us achieve high precision and accuracy in essential R&D steps.

- *Development of innovative algorithms.* To ensure the competitiveness of our intelligent driving solutions, we continuously develop innovative algorithms and enhance existing algorithms. For example, we developed bird-eye view (BEV) technology and monocular 3D object detection technology, and further improved the performance of algorithms for iPilot solutions during the Track Record Period.

- *Joint development by perception division and planning and control division.* Our intelligent driving solutions provide over twenty functions, and each of these functions requires the joint development and testing by a substantial number of R&D personnel from two divisions: perception division and planning and control division. The joint development process of the two divisions encompasses numerous delicate aspects and demands intensive coordination.

- *Establishment of a new domain control platform.* Building the new domain control platform is highly complex, because it requires seamless integration of various hardware, software and algorithms and involves the joint efforts of dozens of engineers from these three specialty areas. Our engineers dedicated considerable time to fine-tune the platform design to ensure its compatibility and its ability to accommodate customization requests from different customers.

We intend to maintain sustainability and achieve profitability by:

- **Driving Revenue Growth.** We intend to achieve sustainable revenue growth by: (i) implementing the incremental development strategy to facilitate penetration across various product lines; (ii) enhancing in-house R&D capabilities to achieve greater efficiency through efficient chip utilization, development autonomy and high adaptivity; (iii) leveraging cross-domain expertise to maximize synergies of the three business segments; (iv) capitalizing the existing design wins for mass production; (v) deepening our relationships with existing customers; (vi) attracting new customers through a diversification strategy; (vii) expanding to new geographies; and (viii) refining our solutions.

- **Improving Gross Margin.** We intend to improve our gross margin by: (i) optimizing the cost structure of our solutions with continuous innovation; (ii) enhancing economies of scale with strong supply chain capabilities; (iii) improving product mix with higher margin solutions and services; and (iv) enhancing manufacturing efficiency with intelligent facilities.

- **Enhancing Operating Leverage.** During the Track Record Period, we incurred significant operating expenses, including research and development expenses, selling expenses and general and administrative expenses. We expect our operating expenses as a percentage of revenue to further decrease as we continue to ramp up our production and achieve revenue growth and improve the efficiency of our R&D, sales and marketing and administrative activities and our spending on such activities.

- **Optimizing Working Capital Efficiency.** We have sufficient cash balance to support our business operations and future expansion. As of October 31, 2024, we had unutilized banking facilities of RMB45.0 million. We are also proactively seeking ways to optimize our liquidity and capital management. We expect our profitability to improve and can further solidify our working capital sufficiency.

For details, see “Business—Business Sustainability.”

## KEY FINANCIAL RATIOS

The following table sets forth our key financial ratios as of the dates or for the years/period indicated:

| | As of or for the year ended December 31, | | | As of or for the six months ended June 30, |
|---|---|---|---|---|
| | 2021 | 2022 | 2023 | 2024 |
| Gross profit margin[(1)] | 9.7% | 12.0% | 14.3% | 14.1% |
| Net loss margin[(2)] | (79.8)% | (79.0)% | (43.5)% | (47.3)% |
| Current ratio[(3)] | 2.22x | 3.01x | 3.49x | 2.61x |
| Adjusted net loss margin (non-IFRS measure)[(4)] | (74.8)% | (73.7)% | (38.8)% | (34.8)% |
| Asset-liability ratio[(5)] | 2.27x | 2.99x | 3.25x | 2.52x |

*Notes:*

(1) Gross profit margin equals gross profit divided by revenue for the year/period indicated and multiplied by 100%.

(2) Net loss margin equals net loss divided by revenue for the year/period indicated and multiplied by 100%.

(3) Current ratio equals total current assets divided by total current liabilities as of the date indicated.

(4) Adjusted net loss margin (non-IFRS measure) equals adjusted net loss (non-IFRS measure) divided by revenue for the year/period indicated and multiplied by 100%.

(5) Asset-liability ratio equals total assets divided by total liabilities as of the date indicated.

For details, see "Financial Information—Key Financial Ratios."

## GLOBAL OFFERING STATISTICS

All statistics presented in the table below are based on the assumption that the Over-allotment Option is not exercised:

| | Based on minimum indicative Offer Price of HK$17.00 | Based on maximum indicative Offer Price of HK$20.20 |
|---|---|---|
| Market capitalization of our H Shares after completion of the Global Offering[(1)] | HK$5,263.4 million | HK$6,254.2 million |
| Market capitalization of our Shares after the Completion of Global Offering[(2)] | HK$6,786.2 million | HK$8,063.6 million |
| Unaudited pro forma adjusted net tangible asset value per Share[(3)] | HK$3.23 | HK$3.54 |

*Notes:*

(1) The calculation of market capitalization is based on the 309,613,108 H Shares expected to be issued immediately upon completion of the Global Offering.

(2) The calculation of market capitalization is based on the 399,190,000 Shares expected to be issued immediately upon completion of the Global Offering.

(3) The unaudited pro forma net tangible assets per Share is arrived at after the adjustments referred to in the preceding paragraphs and on the basis that 399,190,000 Shares were in issue assuming that the Global Offering have been completed on June 30, 2024 but takes no account of any Shares which may be allotted and issued upon the exercise of the Over-allotment Option. For the purpose of this unaudited pro forma adjusted net tangible assets per Share, the amounts stated in Renminbi are converted into Hong Kong dollars at the rate of HK$1.00 to RMB0.93252.

## IMPACT OF THE COVID-19 PANDEMIC AND THE GLOBAL SHORTAGE OF SEMICONDUCTOR CHIPS

On January 30, 2020, the International Health Regulations Emergency Committee of the World Health Organization declared the novel coronavirus disease 2019 (the "COVID-19") outbreak a public health emergency of international concern, and on March 11, 2020, the World Health Organization declared the global COVID-19 outbreak a pandemic. The COVID-19 virus continued to spread rapidly worldwide in 2022. Furthermore, a global supply shortage from late 2021 to the second half of 2022 resulted in the supply crunch of semiconductor chips. According to CIC, the average selling price of commonly used chips for intelligent driving solutions rose to RMB351.6 per unit in 2022 from RMB307.9 per unit in 2021, reflecting a year-on-year increase of 14.2%. In anticipation of the supply crunch, we procured and maintained a relatively high level of semiconductor chips inventory in 2021 to avoid disruption to our production. By the end of the Track Record Period, 95.1% of the semiconductor chips we procured in 2021 had been utilized. In 2021, 2022 and 2023 and the six months ended June 30, 2024, our procurement cost of chips contributed to 35.0%, 11.3%, 12.9% and 14.9% of our total procurement cost, respectively. However, neither the COVID-19 pandemic nor the global shortage of semiconductor chips had any material adverse impact on our operations and financial performance during the Track Record Period and up to the Latest Practicable Date, primarily taking into consideration that (i) we had not experienced any difficulty in securing sufficient and prompt chip supplies, (ii) we had not experienced significant increases in our cost of sales, (iii) there was no suspension to our or our contract manufacturers' production facilities due to the COVID-19 pandemic, and (iv) we had not experienced any material labor shortage, as a result of the COVID-19 pandemic or the supply crunch of semiconductor chips. Based on their current best knowledge and belief, our Directors do not anticipate any further impact from COVID-19 or supply crunch of semiconductor chips going forward. Our cost of sales primarily represents procurement costs of raw materials and consumables, which accounted for 77.5%, 73.8%, 73.4%, 74.9% and 69.5% of our total revenue in 2021, 2022 and 2023 and the six months ended June 30, 2023 and 2024, respectively. As of the Latest Practicable Date, according to CIC, the global supply of semiconductor chips had returned to normal.

## USE OF PROCEEDS

Assuming that the Over-allotment Option is not exercised, after deducting the underwriting commissions and other estimated offering expenses payable by us in connection with the Global Offering, and assuming an Offer Price of HK$18.60 per Share (being the mid-point of the indicative Offer Price range of HK$17.00 to HK$20.20), we estimate that we will receive net proceeds of approximately HK$665.9 million from the Global Offering. We intend to use the proceeds from the Global Offering for the purposes and in the amounts set forth below:

- Approximately 40% of the net proceeds, or HK$266.3 million, for enhancing our R&D capabilities as well as recruiting and retaining relevant R&D talents to (i) research artificial intelligence technologies, (ii) refine our product R&D abilities and reinforce our capabilities to commercialize innovations, and (iii) boost the scalability as well as efficiency and effectiveness of our R&D process;

- Approximately 30% of the net proceeds, or HK$199.8 million, for increasing our production efficiency and solution competitiveness by (i) switching certain production processes that are currently done by external parties to in-house production, (ii) introducing advanced automated production equipment and systems to further enhance the intelligence of our production lines, and (iii) vertically integrating certain parts of our supply chain, specifically by developing in-house advanced sensors and establishing production lines for such sensors;

- Approximately 20% of the net proceeds, or HK$133.2 million, for reinforcing our sales and marketing capabilities; and

- Approximately 10% of the net proceeds, or HK$66.6 million, for working capital and general corporate purposes.

For details, see "Future Plans and Use of Proceeds."

## DIVIDEND

We did not declare or pay dividends on our Shares during and after the Track Record Period. We currently expect to retain all future earnings for use in operation and expansion of our business, and do not anticipate paying cash dividends in the foreseeable future. The declaration and payment of any dividends in the future will be determined by our Board and subject to our Articles of Association and the PRC Company Law, and will depend on a number of factors, including our earnings and financial condition, operating requirements, capital requirements and any other conditions that our Directors may deem relevant. As confirmed by our PRC Legal Advisor, any future net profit that we make will have to be applied to make up for our historically accumulated losses in accordance with the PRC laws, after which we will be obliged to allocate 10% of our profit to our statutory common reserve fund until such fund has reached more than 50% of our registered capital. We will therefore only be able to declare dividends after (i) all our historically accumulated losses have been made up for, and (ii) we have allocated sufficient profit to our statutory common reserve fund as described above. In addition, according to our dividend policy, any distribution of dividends shall be subject to (i) our remaining after-tax profit after making up losses and allocation of common reserve fund being positive, and our belief that our cash flow is adequate and such distribution would not affect our business sustainability, (ii) our auditors issuing a standard unqualified audit report for the year of the distribution, and (iii) the absence of major investment plans or significant capital expenditures (except for investment projects with raised funds) in the next 12 months. Currently, our Company does not have any pre-determined dividend distribution ratio.

## RISK FACTORS

Our business and the Global Offering involve certain risks as set out in "Risk Factors." You should read that section in its entirety carefully before you decide to invest in our Shares. Some of the major risks we face include: (i) the industry in which we operate is highly competitive. If we fail to compete successfully with our existing or potential competitors, our business, results of operations and financial condition may be materially and adversely affected; (ii) if we are unable to develop and introduce new solutions that adapt to changing market demand and customer needs in a timely manner, our future business, results of operations, financial condition and competitive position would be materially and adversely affected; (iii) we have been and intend to continue investing significantly in R&D, which may not generate the results we expect and therefore may adversely affect our short-term cash flow, liquidity and profitability; (iv) we recorded net losses and had net operating cash outflows during the Track Record Period; and (v) there can be no assurance that our efforts in seeking design wins for our solutions will succeed.

## LISTING EXPENSES

Listing expenses represent professional fees, underwriting commission and other fees incurred in connection with the Global Offering. Listing expenses to be borne by us are estimated to be approximately RMB58.7 million (HK$63.0 million), comprising: (i) underwriting fees of RMB25.8 million (HK$27.7 million); and (ii) non-underwriting-related expenses of RMB32.9 million (HK$35.3 million), which are further categorized into: (a) fees and expenses of legal advisors and accountants of RMB20.3 million (HK$21.8 million); and (b) other fees and expenses of RMB12.6 million (HK$13.5 million), assuming the Over-allotment Option is not exercised and based on the Offer Price of HK$18.60 per Offer Share (being the mid-point of the Offer Price range), approximately RMB28.1 million (HK$30.1 million) of which was charged or is expected to be charged to our consolidated statements of profit or loss, and approximately RMB30.6 million (HK$32.9 million) of which is expected to be deducted from equity upon the completion of the Global Offering. The listing expenses are expected to represent approximately 8.6% of the gross proceeds of the Global Offering, assuming an Offer Price of HK$18.60 per Offer Share (being the mid-point of the indicative Offer Price range) and that the Over-allotment Option is not exercised. The listing expenses above are the latest practicable estimate for reference only, and the actual amount may differ from this estimate.

## APPLICATION FOR LISTING ON THE STOCK EXCHANGE

We have applied to the Hong Kong Stock Exchange for the granting of the listing of, and permission to deal in, our H Shares to be converted from Unlisted Shares and issued pursuant to the Global Offering, on the basis that we satisfy the market capitalization/revenue test under Rule 8.05(3) of the Listing Rules with reference to (i) our revenue of RMB476.2 million for the year ended December 31, 2023, which exceeds HK$500 million, and (ii) our expected market capitalization at the time of Global Offering, which exceeds HK$4 billion.

## OUR SINGLE LARGEST GROUP OF SHAREHOLDERS

Dr. Liu Guoqing, Mr. Yang Guang, Mr. Zhou Xiang, Mr. Wang Qicheng, Mr. Yan Shengye and Mr. Wu Jianxin entered into the Concert Party Agreement in June 2019, as amended and replaced by the Amended Concert Party Agreement entered into in May 2024. The Amended Concert Party Agreement served to reaffirm their concert party arrangement, to confirm and formalize the effective date and termination date of the concert party arrangement, and to clarify that only the Shares beneficially owned by the members of the Concert Party Group are subject to the concert party arrangement, and it does not affect the ownership continuity of our Company as required under Rule 8.05(3)(c) of the Listing Rules. Pursuant to the Amended Concert Party Agreement, each of Dr. Liu Guoqing, Mr. Yang Guang, Mr. Zhou Xiang, Mr. Wang Qicheng, Mr. Yan Shengye and Mr. Wu Jianxin agreed to be parties acting in concert (i) aligning their votes in the board meetings of our Company, and (ii) aligning their votes in the Shareholders' meeting of our Company in respect of the Shares in our Company beneficially owned by each of them from time to time, since they became and remained as Directors or Shareholders of our Company, and that members of the Concert Party Group will follow Dr. Liu Guoqing's vote to arrive at a unanimous consent in case of any disagreement. As of the Latest Practicable Date, the Concert Party Group held approximately 24.35% of the Shares, and will hold approximately 21.96% of the Shares immediately following the completion of the Global Offering (assuming the Over-allotment Option is not exercised).

Dr. Liu Guoqing acts as the general partner of each of the ESOP Holding Entities, and is therefore deemed to be interested in the Shares held by the ESOP Holding Entities in our Company. As of the Latest Practicable Date, the ESOP Holding Entities collectively held approximately 5.86% of the Shares, and will hold approximately 5.29% of the Shares immediately following the completion of the Global Offering (assuming the Over-allotment Option is not exercised). The ESOP Holding Entities are not parties to the Concert Party Agreement or the Amended Concert Party Agreement, and do not form part of the Concert Party Group.

Accordingly, the Concert Party Group and the ESOP Holding Entities collectively form the Single Largest Group of Shareholders. As of the Latest Practicable Date, the Single Largest Group of Shareholders in aggregate held approximately 30.22% of the Shares, and will hold approximately 27.25% of the Shares immediately following the completion of the Global Offering (assuming the Over-allotment Option is not exercised). Therefore, our Company will not have any controlling shareholders as defined under the Listing Rules upon Listing.

## PRE-IPO INVESTMENTS

Since our establishment, we have attracted certain Pre-IPO Investors and completed several rounds of financing to raise funds for the development of our business. For further information of the principal terms of the Pre-IPO Investments and the identity and background of our major Pre-IPO Investors, see "History, Development and Corporate Structure—Pre-IPO Investments."

## RECENT DEVELOPMENT

In November 2024, we supported one of our OEM customers in obtaining both the advanced driver distraction warning (ADDW) system certifications and driver drowsiness and attention warning (DDAW) certifications under the EU General Safety Regulation (GSR) for its vehicle model. According to CIC, we are among the first batch of suppliers of driver monitoring system (DMS) solutions in China that successfully supported OEMs in obtaining ADDW and DDAW certifications for their vehicle models under the EU GSR.

Subsequent to the Track Record Period, we have witnessed growth in our business operations. Since July 1, 2024 and up to the Latest Practicable Date, we obtained new design wins for 19 vehicle models with 14 OEMs, and achieved SOP for 22 vehicle models with 17 OEMs. Based on our management account, our revenue increased in the ten months ended October 31, 2024 compared to the same period in 2023. As of October 31, 2024, we had cash and cash equivalent of RMB179.1 million and unutilized banking facilities of RMB45.0 million.

We expect to incur net losses for the year ending December 31, 2024, mainly because we expect to continually ramp up our business in the year ending December 31, 2024 to achieve economies of scale, and despite our continued efforts in improving our operational efficiency and gross margin during the Track Record Period, our net margins are expected to be adversely affected by a number of factors including: (i) significant research and development expenses, as we will continue to devote resources to researching new intelligent driving solutions and cutting-edge technologies; (ii) share-based payment expenses, as we provide long-term incentive programs to employees to motivate and retain talent; and (iii) listing expenses. Based on our current development plan and our management's estimates, we do not expect to generate any net profit before 2026.

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 June 30, 2024 (being the end of the period reported in the Accountant's Report set out in Appendix I to this prospectus) and there has been no event since June 30, 2024 which would materially affect the information shown in the Accountant's Report set out in Appendix I to this prospectus.

Pursuant to the Trial Administrative Measures on the Overseas Securities Offering and Listing of Domestic Companies (《境內企業境外發行證券和上市管理試行辦法》), we submitted a filing to the CSRC for application of listing of the H Shares on the Stock Exchange and the Global Offering on May 30, 2024. We received the CSRC filing clearance on October 28, 2024.

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

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|---|---|
| "Accountant's Report" | the accountant's report of our Company, the text of which is set out in Appendix I to this prospectus |
| "affiliate" | any other person, directly or indirectly, controlling or controlled by or under direct or indirect common control with such specified person |
| "AFRC" | the Accounting and Financial Reporting Council |
| "Articles of Association" or "Articles" | the articles of association of our Company, conditionally adopted on May 13, 2024 with effect from the Listing Date, and as amended from time to time, a summary of which is set out in the section headed "Appendix V—Summary of Articles of Association" |
| "Amended Concert Party Agreement" | the amended concert party agreement entered into by Dr. Liu Guoqing (劉國清), Mr. Yang Guang (楊廣), Mr. Zhou Xiang (周翔), Mr. Wang Qicheng (王啟程), Mr. Yan Shengye (閆勝業) and Mr. Wu Jianxin (吳建鑫) in May 2024 |
| "Bao'an Production Base" | our current production base, which is located in Bao'an District, Shenzhen, Guangdong Province, China |
| "BIS" | the U.S. Bureau of Industry and Security |
| "Board" or "Board of Directors" | the board of Directors of our Company |
| "Business day" or "business day" | a day on which banks in Hong Kong are generally open for normal banking business to the public and which is not a Saturday, Sunday or public holiday in Hong Kong |
| "Capital Market Intermediaries" | the capital market intermediaries participating in the Global Offering and has the meaning ascribed thereto under the Hong Kong Listing Rules |
| "CCASS" | the Central Clearing and Settlement System established and operated by HKSCC |

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|---|---|
| "China", "Mainland China" or "PRC" | the People's Republic of China, for the purpose of this prospectus and for geographical reference only, except where the context requires, references in this prospectus to "China," "Mainland China" or the "PRC" do not apply to Hong Kong, Macau and Taiwan |
| "Chongqing Yongnuo Xincheng" | Chongqing Yongnuo Xincheng Technology Service Co., Ltd. (重慶永諾信誠科技服務有限公司), a company established under the laws of the PRC on April 25, 2021, which was formerly a non-wholly-owned subsidiary of our Company and was subsequently deregistered on April 17, 2024 |
| "Chongqing Youjia" | Chongqing Youjia Innovation Technology Co., Ltd. (重慶佑駕創新科技有限責任公司), a company established under the laws of the PRC on March 14, 2019 and a non-wholly-owned subsidiary of our Company |
| "CIC" or "Industry Consultant" | China Insights Industry Consultancy Limited, the industry consultant of our Company |
| "CNIPA" | National Intellectual Property Administration of the PRC (國家知識產權局) |
| "Companies (Winding up and Miscellaneous Provisions) Ordinance" | the Companies (Winding up and Miscellaneous Provisions) Ordinance (Chapter 32 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time |
| "Companies Ordinance" | the Companies Ordinance (Chapter 622 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time |
| "Company," "our Company" or "the Company" | Minieye Technology Co., Ltd (深圳佑駕創新科技股份有限公司) (formerly known as Shenzhen Youjia Innov Tech Co., Ltd.), a limited liability company established under the laws of the PRC on December 10, 2014 and converted into a joint stock limited liability company in the PRC on June 7, 2023 |
| "Company Law" or "PRC Company Law" | Company Law of the People's Republic of China (中華人民共和國公司法), as developed or improved from time to time |

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| "Compliance Advisor" | has the meaning ascribed to it under the Listing Rules |
| "Concert Party Agreement" | the concert party agreement entered into by Dr. Liu Guoqing (劉國清), Mr. Yang Guang (楊廣), Mr. Zhou Xiang (周翔), Mr. Wang Qicheng (王啟程), Mr. Yan Shengye (閆勝業) and Mr. Wu Jianxin (吳建鑫) in June 2019 as amended and replaced by the Amended Concert Party Agreement |
| "Concert Party Group" | collectively, Dr. Liu Guoqing (劉國清), Mr. Zhou Xiang (周翔), Mr. Yang Guang (楊廣), Mr. Wang Qicheng (王啟程), Mr. Yan Shengye (閆勝業) and Mr. Wu Jianxin (吳建鑫) |
| "Conversion of Unlisted Shares into H Shares" | the conversion of 270,423,108 Unlisted Shares in aggregate held by 56 existing Shareholders into H Shares upon the completion of the Global Offering. Such conversion of Unlisted Shares into H Shares and an application for H Shares to be listed on the Hong Kong Stock Exchange has been filed with the CSRC on May 30, 2024. The CSRC issued the filing notice on October 28, 2024 in respect of the Global Offering and the application for listing of our H Shares on the Stock Exchange |
| "CPCA" | China Passenger Car Association (乘用車市場信息聯席會) |
| "CSDC" | China Securities Depositary and Clearing Corporation Limited (中國證券登記結算有限責任公司) |
| "CSDC (Hong Kong)" | China Securities Depository and Clearing (Hong Kong) Company Limited |
| "CSRC" | the China Securities Regulatory Commission (中國證券監督管理委員會) |
| "Designated Bank" | HKSCC Participant's Designated Bank under FINI |
| "Director(s)" | director(s) of our Company |
| "EIT Law" | Enterprise Income Tax Law of the People's Republic of China (中華人民共和國企業所得稅法), as amended, supplemented or otherwise modified from time to time |

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| "electronic application instruction(s)" | instruction(s) given by a HKSCC Participant electronically via HKSCC's FINI system to HKSCC, being one of the methods to apply for the Offer Shares |
| "Employee Incentive Scheme" | the pre-IPO employee incentive scheme adopted by the Company, the principal terms of which are set out in the section headed "Appendix VI—Statutory and General Information—D. Employee Incentive Scheme" |
| "ESOP Holding Entities" | Youjia Licheng, Youjia Qingcheng and Youjia Zhongcheng |
| "EU" | the European Union |
| "Exchange Participant(s)" | a person: (a) who, in accordance with the Hong Kong Listing Rules, may trade on or through the Hong Kong Stock Exchange; and (b) whose name is entered in a list, register or roll kept by the Hong Kong Stock Exchange as a person who may trade on or through the Hong Kong Stock Exchange |
| "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 |
| "GDP" | gross domestic product |
| "Global Offering" | the Hong Kong Public Offering and the International Placing |
| "General Rules of HKSCC" | General Rules of HKSCC published by the Stock Exchange and as amended from time to time |

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| "Group," "our Group," "we" or "us" | our Company and its subsidiaries (or our Company and any one or more of its subsidiaries, as the context may require) |
| "GSR" | General Safety Regulation, a regulation that sets minimum safety standards for motor vehicles and their trailers in the European Union |
| "Guangzhou Production Base" | our production base currently under planning and construction, which is located in Guangzhou, Guangdong Province, China |
| "Guangzhou Youjia" | Guangzhou Youjia Innovation Technology Co., Ltd. (廣州佑駕創新科技有限公司), a company established under the laws of the PRC on May 18, 2023, and a wholly-owned subsidiary of our Company |
| "Guangzhou Youjia Intelligent" | Guangzhou Youjia Intelligent Technology Co., Ltd. (廣州佑駕智能科技有限公司), a company established under the laws of the PRC on June 14, 2024, and a wholly-owned subsidiary of our Company, which was deregistered on August 20, 2024 |
| "Guide for New Listing Applicants" | the Guide for New Listing Applicants issued by the Stock Exchange, as amended, supplemented or otherwise modified from time to time |
| "H Share(s)" | overseas listed foreign shares in the share capital of our Company with nominal value of RMB1.00 each, which are to be subscribed for and traded in HK dollars and are to be listed on the Hong Kong Stock Exchange |
| "H Share Registrar" | Tricor Investor Services Limited |
| "HK$" or "HK dollars" | 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 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 on the designated website at **www.hkeipo.hk** |

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| "HKSCC" | Hong Kong Securities Clearing Company Limited, a wholly owned subsidiary of Hong Kong Exchanges and Clearing Limited |
| "HKSCC EIPO channel" | the arrangement in these HKSCC Operational Procedures for instructions to be given electronically to HKSCC by Participants via FINI for applications to be made on their behalf for new issue shares and for the payment of application moneys, and for those instructions to be acted upon |
| "HKSCC Nominees" | HKSCC Nominees Limited, a wholly owned subsidiary of HKSCC |
| "HKSCC Operational Procedures" | the operational procedures of the HKSCC, containing the practices, procedures and administrative or other requirements relating to HKSCC's services and the operations and functions of the systems established, operated and/or otherwise provided by or through HKSCC (including FINI and CCASS) as from time to time in force |
| "HKSCC Participant" | 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 Listing Rules" or "Listing Rules" | the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (as amended from time to time) |
| "Hong Kong Offer Shares" | the 3,919,000 H Shares initially offered by our Company for subscription at the Offer Price pursuant to the Hong Kong Public Offering (subject to reallocation as described in "Structure of the Global Offering" in this prospectus) |

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| "Hong Kong Public Offering" | the offer of the Hong Kong Offer Shares for subscription by the public in Hong Kong (subject to adjustment as described in "Structure of the Global Offering" in this prospectus) at the Offer Price (plus brokerage, SFC transaction levies and Hong Kong Stock Exchange trading fees), on and subject to the terms and conditions described in this prospectus as further described in the section headed "Structure of the Global Offering — The Hong Kong Public Offering" |
| "Hong Kong Stock Exchange" or "Stock Exchange" | The Stock Exchange of Hong Kong Limited, a wholly-owned subsidiary of Hong Kong Exchanges and Clearing Limited |
| "Hong Kong Underwriters" | the underwriters of the Hong Kong Public Offering listed in the section headed "Underwriting—Hong Kong Underwriters" |
| "Hong Kong Underwriting Agreement" | the underwriting agreement dated December 16, 2024 relating to the Hong Kong Public Offering and entered into by, among others, our Company, Liu Guoqing (劉國清), Zhou Xiang (周翔), Yang Guang (楊廣), Wang Qicheng (王啟程) and the Hong Kong Underwriters, as further described in the section headed "Underwriting—Underwriting Arrangements and Expenses" |
| "Hubei Youjia" | Hubei Youjia Technology Co., Ltd. (湖北佑駕科技有限公司), a company established under the laws of the PRC on December 22, 2017, and a wholly-owned subsidiary of our Company |
| "Hunan Youxiang" | Hunan Youxiang Wanglian Intelligent Technology Co., Ltd. (湖南佑湘網聯智能科技有限公司), a company established under the laws of the PRC on November 16, 2020, and a wholly-owned subsidiary of our Company |
| "IFRS" | International Financial Reporting Standards, which include standards, amendments and interpretations promulgated by the International Accounting Standards Board and the International Accounting Standards and interpretation issued by the International Accounting Standards Committee |

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| "Independent Third Party(ies)" | any entity or person who is not a connected person of our Company within the meaning ascribed thereto under the Listing Rules |
| "International Placing Shares" | the 35,271,000 H Shares initially offered by our Company for subscription pursuant to the International Placing together with, where relevant, any additional Shares which may be issued by our Company pursuant to the exercise of the Over-allotment Option (subject to reallocation as described in the section headed "Structure of the Global Offering") |
| "International Placing" | the offer of the International Placing Shares by the International Underwriters at the Offer Price outside the United States in offshore transactions in accordance with Regulation S or any other available exemption from registration under the US Securities Act, as further described in the section headed "Structure of the Global Offering" |
| "International Underwriters" | the group of international underwriters, led by the Overall Coordinators, who are expected to enter into the International Underwriting Agreement to underwrite the International Placing |
| "International Underwriting Agreement" | the underwriting agreement expected to be entered into on or around December 23, 2024 by, among others, our Company and the International Underwriters in respect of the International Placing, as further described in the section headed "Underwriting—The International Placing" |
| "Jiangsu Yuanshi" | Jiangsu Yuanshi Technology Co., Ltd. (江蘇源駛科技有限公司), a company established under the laws of the PRC on June 17, 2022 and a non-wholly-owned subsidiary of our Company |
| "Joint Bookrunners" | the joint bookrunners as named in "Directors, Supervisors and Parties involved in the Global Offering" in this Prospectus |
| "Joint Global Coordinators" | the joint global coordinators as named "Directors, Supervisors and Parties involved in the Global Offering" in this Prospectus |

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| "Joint Lead Managers" | the joint lead managers as named in "Directors, Supervisors and Parties involved in the Global Offering" in this Prospectus |
| "Joint Sponsors" | the joint sponsors as named in "Directors, Supervisors and Parties involved in the Global Offering" in this Prospectus |
| "Latest Practicable Date" | December 10, 2024, being the latest practicable date for the purpose of ascertaining certain information contained in this prospectus prior to its publication |
| "Legal Advisor as to U.S. export control laws" | Hogan Lovells, the legal advisor of our Company as to U.S. export control laws |
| "Listing" | listing of the H Shares on the Main Board of the Hong Kong Stock Exchange |
| "Listing Date" | the date, expected to be on or around Friday, December 27, 2024, on which our H Shares are listed and from which dealings therein are permitted to take place on the Hong Kong Stock Exchange |
| "Macau" | the Macau Special Administrative Region of the PRC |
| "Main Board" | the stock market (excluding the option market) operated by the Stock Exchange which is independent from and operated in parallel with GEM of the Stock Exchange |
| "MIIT" | the Ministry of Industry and Information Technology of the PRC (中華人民共和國工業和信息化部) |
| "Minsight SG" | MINSIGHT PTE. LTD. (銳見智行科技(新加坡)有限公司), a company established under the laws of Singapore on November 20, 2023 and a non-wholly owned subsidiary of our Company |
| "Ministry of Finance" or "MOF" | the Ministry of Finance of the PRC (中華人民共和國財政部) |
| "MOFCOM" | Ministry of Commerce of the PRC (中華人民共和國商務部) |

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| "Nanjing Kaiyun" | Nanjing Kaiyun Shuchuang Technology Co., Ltd. (南京開雲數創科技有限公司), a company established under the laws of the PRC on August 9, 2022 and a wholly-owned subsidiary of our Company |
| "Nanjing Youjia" | Nanjing Youjia Technology Co., Ltd. (南京佑駕科技有限公司), a company established under the laws of the PRC on February 24, 2018 and a wholly-owned subsidiary of our Company |
| "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) |
| "Negative List" | 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)》) |
| "NPC" | the National People's Congress of the PRC (中華人民共和國全國人民代表大會) |
| "Offer Price" | the final offer price per Offer Share in Hong Kong dollars (exclusive of brokerage fee of 1%, SFC transaction levy of 0.0027%, AFRC transaction levy of 0.00015% and Stock Exchange trading fee of 0.00565%) at which Hong Kong Offer Shares are to be subscribed as described in the section headed "Structure of the Global Offering—Pricing and Allocation" |
| "Offer Share(s)" | the Hong Kong Offer Shares and the International Placing Shares, together with, where relevant, any additional H Shares which may be issued by our Company pursuant to the exercise of the Over-allotment Option |
| "OICA" | the International Organization of Motor Vehicle Manufacturers (國際汽車製造商協會) |
| "Overall Coordinators" | the overall coordinators as named in the section headed "Directors, Supervisors and Parties involved in the Global Offering" |

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| "Over-allotment Option" | the option expected to be granted by our Company to the International Underwriters, exercisable by the Overall Coordinators (for themselves and on behalf of the International Underwriters) pursuant to the International Underwriting Agreement, pursuant to which our Company may be required to allot and issue up to an aggregate of 5,878,400 additional H Shares at the Offer Price to, among other things, cover over-allocations in the International Placing, if any, further details of which are described in the section headed "Structure of the Global Offering" |
| "PBOC" | the People's Bank of China (中國人民銀行), the central bank of the PRC |
| "PRC GAAP" | generally accepted accounting principles of PRC |
| "PRC Legal Advisor" | AllBright Law Offices, the legal advisor of our Company as to PRC laws |
| "Pre-IPO Investment(s)" | the Pre-IPO investments in our Company undertaken by the Pre-IPO Investors, details of which are set out in the section headed "History, Development and Corporate Structure" |
| "Pre-IPO Investor(s)" | the investor(s) who participated in our Pre-IPO Investments, details of which are set out in the section headed "History, Development and Corporate Structure" |
| "Price Determination Agreement" | the agreement to be entered into by the Overall Coordinators (for themselves and on behalf of the Hong Kong Underwriters) and our Company on the Price Determination Date to record and fix the Offer Price |
| "Price Determination Date" | the date, expected to be on or before Monday, December 23, 2024 (Hong Kong time) on which the Offer Price is determined, or such later time as the Overall Coordinators (for themselves and on behalf of the Hong Kong Underwriters) and our Company may agree, but in any event no later than 12:00 noon on Monday, December 23, 2024 |
| "prospectus" or "Prospectus" | this prospectus being issued in connection with the Hong Kong Public Offering |

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| "province" | a province or, where the context requires, a provincial level autonomous region or municipality, under the direct supervision of the central government of the PRC |
| "R&D" | research and development |
| "Regulation S" | Regulation S under the US Securities Act |
| "RMB" or "Renminbi" | Renminbi, the lawful currency of the PRC |
| "Ruijian Zhixing" | Hangzhou Ruijian Zhixing Technology Co., Ltd. (杭州銳見智行科技有限公司), a company established under the laws of the PRC on November 17, 2022 and a non-wholly-owned subsidiary of our Company |
| "SAC" | the Securities Association of China (中國證券業協會) |
| "SAFE" | the State Administration of Foreign Exchange of the PRC (中國國家外匯管理局) |
| "SAMR" | State Administration for Market Regulation |
| "SASAC" | State-owned Assets Supervision and Administration Commission of the State Council (國務院國有資產監督管理委員會) |
| "SAT" | the State Administration of Taxation of the PRC (國家稅務總局) |
| "Securities and Futures Ordinance" or "SFO" | the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time |
| "Securities Law" | the Securities Law of the People's Republic of China (中華人民共和國證券法), as amended, supplemented or otherwise modified from time to time |
| "SFC" | the Securities and Futures Commission of Hong Kong |
| "Shaanxi Youjia" | Shaanxi Youjia Zhixing Technology Co., Ltd. (陝西佑駕智行科技有限公司), a company established under the laws of the PRC on March 1, 2024, and a non-wholly-owned subsidiary of our Company |

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| "Shanghai Stock Exchange" | the Shanghai Stock Exchange (上海證券交易所) |
| "Shanghai Youqu" | Shanghai Youqu Information Technology Co., Ltd. (上海佑觑信息科技有限公司), a company established under the laws of the PRC on June 30, 2020, and a non-wholly-owned subsidiary of our Company |
| "Shanghai Youxing" | Shanghai Youxing Automotive Electronics Co., Ltd. (上海佑行汽車電子有限公司), a company established under the laws of the PRC on October 14, 2020, and a non-wholly-owned subsidiary of our Company |
| "Share(s)" | ordinary shares in the capital of our Company with a nominal value of RMB1.00 each, comprising Unlisted Shares and H Shares |
| "Shareholders(s)" | holder(s) of the Share(s) |
| "Shenzhen Stock Exchange" | the Shenzhen Stock Exchange (深圳證券交易所) |
| "Single Largest Group of Shareholders" | collectively, the Concert Party Group and the ESOP Holding Entities |
| "Stabilizing Manager" | CLSA Limited |
| "State Council" | State Council of the People's Republic of China (中華人民共和國國務院) |
| "subsidiary(ies)" | has the meaning ascribed to it in section 15 of the Companies Ordinance |
| "Supervisor(s)" | member(s) of our Supervisory Committee |
| "Supervisory Committee" | the supervisory committee of our Company |
| "Takeovers Code" | the Codes on Takeovers and Mergers and Share Buybacks issued by the SFC, as amended, supplemented or otherwise modified from time to time |
| "Tongxiang Wuzhen Youjia" | Tongxiang Wuzhen Youjia Intelligent Automobile Co., Ltd. (桐鄉烏鎮佑駕智能汽車有限公司), a company established under the laws of the PRC on September 25, 2023 and a wholly-owned subsidiary of our Company |
| "Track Record Period" | the years ended December 31, 2021, 2022 and 2023 and the six months ended June 30, 2024 |

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| "UK" | the United Kingdom |
| "Underwriters" | the Hong Kong Underwriters and the International Underwriters |
| "Underwriting Agreements" | the Hong Kong Underwriting Agreement and the International Underwriting Agreement |
| "Unlisted Share(s)" | ordinary share(s) in the share capital of our Company, with a nominal value of RMB1.00 each, which are not listed on any stock exchange |
| "US" or "United States" | the United States of America, its territories, its possessions and all areas subject to its jurisdiction |
| "US Securities Act" | the United States Securities Act of 1933, as amended, and the rules and regulations promulgated thereunder |
| "US$" or "US dollars" | United States dollars, the lawful currency of the United States |
| "VAT" | value-added tax |
| "Wuhan Youjia" | Wuhan Youjia Innovation Technology Co., Ltd. (武漢佑駕創新科技有限公司), a company established under the laws of the PRC on August 16, 2022, and a wholly-owned subsidiary of our Company |
| "Youjia Beijing" | Youjia Innovation (Beijing) Technology Co., Ltd. (佑駕創新(北京)技術有限公司), a company established under the laws of the PRC on December 14, 2020, and a wholly-owned subsidiary of our Company |
| "Youjia Data Technology" | Shenzhen Youjia Data Technology Co., Ltd. (深圳佑駕數據科技有限公司), a company established under the laws of the PRC on April 16, 2020, which was formerly a wholly-owned subsidiary of our Company and was subsequently deregistered on April 9, 2024 |
| "Youjia Licheng" | Shenzhen Youjia Licheng Investment Partnership (Limited Partnership) (深圳佑駕礪成投資合夥企業(有限合夥)), a limited partnership established under the laws of the PRC on May 28, 2021, and one of the ESOP Holding Entities |

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| "Youjia Qingcheng" | Shenzhen Youjia Qingcheng Investment Partnership (Limited Partnership) (深圳佑駕清成投資合夥企業(有限合夥)), a limited partnership established under the laws of the PRC on December 10, 2020, and one of the ESOP Holding Entities |
| "Youjia Zhixing" | Shanghai Youjia Zhixing Electronic Technology Co., Ltd. (上海佑嘉智行電子科技有限公司), a company established under the laws of the PRC on September 27, 2023 and a wholly-owned subsidiary of our Company |
| "Youjia Zhongcheng" | Shenzhen Youjia Zhongcheng Investment Partnership (Limited Partnership) (深圳佑駕眾成投資合夥企業(有限合夥)), a limited partnership established under the laws of the PRC on April 29, 2021, and one of the ESOP Holding Entities |
| "ZF Group" | a customer of our Group headquartered in Germany, supplying advanced mobility products and systems for vehicles and industrial technology |
| "Zhongyan Youjia" | Zhongyan Youjia Intelligent Technology (Shanghai) Co., Ltd. (中研佑駕智能科技(上海)有限公司), a company established under the laws of the PRC on January 25, 2022, and a non-wholly-owned subsidiary of our Company |
| "%" | percent |

*In this prospectus, the terms "associate", "close associate", "connected person", "core connected person", "connected transaction" and "substantial shareholder" shall have the meanings given to such terms in the Hong Kong 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.*

*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.*

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| "3D" | three spatial dimensions of width, height and depth |
| "ACC" | Adaptive Cruise Control |
| "ADAS" | advanced driver assistance system, referring to electronic systems developed to automate, adapt and enhance vehicle systems for safety and better driving, normally featuring Level 1 and Level 2 (including Level 2+ automation) driving automation on a vehicle supporting human drivers |
| "AEB" | Autonomous Emergency Braking |
| "ADS" | automated driving system, referring to the hardware and software that are collectively capable of performing the entire dynamic driving task on a sustained basis, regardless of whether it is limited to a specific operational design domain, used specifically to describe a Level 3 to Level 5 driving automation system |
| "ASPICE" | Automotive Software Process Improvement and Capability Determination |
| "APA" | Automatic Parking Assist |
| "AVM" | Around View Monitor |
| "BEV" | bird-eye view, an elevated view of an object or location from a very steep viewing angle, creating a perspective as if the observer were a bird in flight looking downwards |
| "BSD" | Blind Spot Detection |
| "CAGR" | compound annual growth rate |
| "C-NCAP" | the China New Car Assessment Program, a car safety assessment program run by the China Automotive Technology and Research Center |

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| "CP" | control plan, a document or set of documents that describes the control measures to be implemented during the manufacturing process to ensure product quality meets specified standards |
| "CPU" | central processing unit, a complex set of electronic circuitry that runs the machine's operating system and applications |
| "DCLC" | Driver Confirmed Lane Change |
| "DCU" | domain control unit, a type of ECU that comprehensively processes data and makes decisions in an in-vehicle system and commands the operation of the vehicle |
| "DDAW" | driver drowsiness and attention warning, a system that assesses the driver's alertness through vehicle systems analysis and, where needed, provides a warning to the driver |
| "DIP" | dual in-line package, an electronic component package with a rectangular housing and two parallel rows of electrical connecting pins |
| "DMS" | Driver Monitoring System |
| "domain controller(s)" | a computer that controls a set of vehicle functions related to a specific area or domain. Functional domains that require a domain controller are typically compute-intensive and connect to a large number of input and output devices. Examples of relevant domains include intelligent driving, cockpit, powertrain, chassis and body |
| "DOW" | Door Open Warning |
| "ECU" | electronic control unit, an embedded system in a vehicle that controls one or several electrical systems in that vehicle |
| "ELK" | Emergency Lane Keeping |

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| "E-NCAP" | The European New Car Assessment Programme, providing consumers with a safety performance assessment for the majority of the most popular cars in Europe |
| "ERP" | enterprise resource planning |
| "EV" | battery electric vehicle |
| "FCTA" | Front Cross Traffic Alert |
| "FCW" | Forward Collision Warning |
| "HAVP" | Home Automated Valet Parking |
| "HNOA" | Highway Navigate on Autopilot |
| "IATF16949" | International technical specification of automotive industry quality management system, which is prepared by International Automotive Task Force (IATF) and ISO (International Organization for Standardization) |
| "ICA" | Integrated Cruise Assist |
| "ICE" | internal combustion engine, a type of engine that converts internal energy into mechanical energy through the combustion of fossil fuels |
| "IHBC" | Intelligence High Beam Control |
| "IMS" | In-cabin Monitoring System |
| "IPQC" | in-process quality control, refers to quality control activities performed during the manufacturing process at various stages |
| "IQC" | incoming quality control, refers to the quality control procedures and inspections carried out on incoming raw materials, components or parts before they are accepted into the production process |
| "ISO" | International Organization for Standardization |

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| "ISO 9001" | a standard under ISO used for certification or registration and contractual purposes by organisations seeking recognition of their quality management, which specifies the requirement for quality management systems for any organisation that needs to demonstrate its ability to consistently provide products that meet its requisite standards |
| "ISO 14001" | a standard under ISO for environmental management which is primarily concerned with what an organisation does to comply with legal requirements to minimise the harmful effects on the environment caused by its activities and which sets requirements for what an organisation must do to manage processes influencing the impact of its activities on the environment |
| "ISO 21434" | a standard under ISO for the electrical and electronic (E/E) systems of mass-produced road vehicles, including software and related components and interfaces |
| "ISO 26262" | a standard under ISO for functional safety applied to safety-related systems that include one or more electrical and/or electronic (E/E) systems and that are installed in series production cars with a maximum gross vehicle mass up to 3,500 kg |
| "ISO 45001" | a standard under ISO setting out requirements for an occupational health and safety management system developed for managing the occupational health and safety risks associated with a business |
| "km/h" | kilometer per hour |
| "LDW" | Lane Departure Warning |
| "LiDAR" | light detection and ranging, a method for determining ranges by targeting an object or a surface with a laser and measuring the time for the reflected light to return to the receiver |
| "LCC" | Lane Centering Control |
| "LKA" | Lane Keeping Assist |

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| "MCU" | microcontroller units, small computers on a single IC containing a processor core, memory and programmable input and output |
| "MES" | manufacturing execution system used in manufacturing to track and document the transformation of raw materials to finished products in a production plant |
| "middleware" | software framework that acts as a bridge between the upper-layer application and the underlying operating system |
| "millimeter-wave radar" | radar that use millimeter wave frequencies to detect objects in real-time, providing information from four dimensions including their range, azimuth, elevation and velocity |
| "mm" | millimeter |
| "MPV" | multi-purpose vehicle |
| "NEV" | new energy vehicle |
| "NOA" | Navigate on Autopilot |
| "NPU" | neural processing unit, a specialized processor designed for executing machine learning algorithms |
| "OEM" | automotive original equipment manufacturer |
| "OMS" | Occupant Monitoring System |
| "OQC" | Outgoing quality control, the final quality control process performed on solutions that are ready to be delivered |
| "OTA" | over-the-air, a technology that updates vehicle software and firmware remotely through cloud network |
| "PCB" | printed circuit board, the circuit base board which provide an electrical pathway to components mounted on the board |
| "PCW" | Pedestrian Collision Warning |

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| "PDC" | Parking Distance Control |
| "RCTA" | Rear Cross Traffic Alert |
| "RCW" | Rear Collision Warning |
| "RPA" | Remote Parking Assist |
| "S&G" | Stop and Go |
| "sensor" | a device that detects and responds to some type of input from the physical environment (such as light, heat and motion) and output is generally a signal that is converted to display at the sensor location or transmitted for reading or further processing |
| "SMT" | surface mount technology, a method in which the electrical components are mounted directly onto the surface of a printed circuit board |
| "SoC" | systems-on-chip, programmable integrated circuit that integrates CPU, memory interfaces, on-chip input/output devices, input/output interfaces and secondary storage interfaces, often alongside other components such as radio modems and a graphics processing unit, all on a single substrate or microchip |
| "SOP" | start of production, which signifies the transition from the development and testing phase to manufacturing and commercialization, when the solutions are ready for mass production and delivery |
| "SUV" | Sport utility vehicle |
| "tier-one supplier" | automotive system integrator, company that supply assembled components or systems directly to OEMs |
| "TJA" | Traffic Jam Assist, an advanced driver assistance system designed to control the vehicle to automatically follow the vehicle ahead and stay in the center of the lane during traffic jam |

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| "TOPS" | Tera Operations per Second, a measurement for how many trillions, or tera, of operations a NPU can perform per second |
| "TSR" | Traffic Sign Recognition, a system that recognizes traffic signs and relays the information displayed on the sign to the driver |
| "UNOA" | Urban Navigate on Autopilot, an advanced driving assistance system designed to enhance urban driving experiences by automating certain driving tasks in city environments |
| "V2X" | vehicle-to-everything, referring to the communication between a vehicle and any entity that may affect, or may be affected by, the vehicle |

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, the 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 industry and markets in which we operate or into which we intend to expand;
- our capital expenditure plans;
- the actions and developments of our competitors;
- our financial condition and performance;
- 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 industry and markets in which we operate;
- various business opportunities that we may pursue; and
- capital market developments, changes in the global economic conditions and material volatility in the global financial markets.

Additional factors that could cause actual performance or achievements to differ materially include, but are not limited to, those discussed under "Risk Factors" and elsewhere in this 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.

*An investment in our H Shares involves risks. You should carefully consider all of the information in this prospectus, including our consolidated financial statements and related notes before making an investment in our H Shares.*

*Our business, financial conditions, results of operations and prospects could be materially and adversely affected by any of these risks. The trading price of our H Shares may decline due to any of these risks, and you may lose all or part of your investment. This prospectus also contains forward-looking information that involves risks and uncertainties. Our actual results could differ materially from those anticipated in the forward-looking statements as a result of many factors, including the risks described below and elsewhere in this prospectus.*

## RISKS RELATING TO OUR BUSINESS AND INDUSTRY

**The industry in which we operate is highly competitive. If we fail to compete successfully with our existing or potential competitors, our business, results of operations and financial condition may be materially and adversely affected.**

The automotive intelligence solutions industry in which we operate is highly competitive. We primarily compete with other companies that focus on developing and commercializing intelligent driving solutions, intelligent cabin solutions and vehicle infrastructure cooperative systems. Our future success will depend on our ability to emerge and sustain as a leader in our targeted markets by continuing to develop and deliver intelligent driving and in-cabin solutions in a timely manner and to effectively compete with existing and new competitors. If we do not have or in the future gain more financial resources, more sophisticated technological capabilities, broader customer base and more stable relationships than our competitors, we may not be able to respond more quickly and effectively to new or changing opportunities, technologies, regulatory requirements or user demand than our competitors.

We may also face competition from new entrants who may offer lower prices or new technologies and solutions, and thus the industry in which we operate may be more competitive in the future. Increased competition could result in lower sales, prices or profit margins or loss of market share. Further, we may be required to make substantial additional investments in R&D, marketing and sales, recruiting and retaining top scientists and innovative talents and acquiring technologies complementary to, or necessary for, our current and future solutions in order to respond to such competitive threats, and we cannot assure you that such measures will be effective.

If we are unable to compete successfully, or if we need to take costly actions in response to the actions of our competitors, our business, results of operations and financial condition may be materially and adversely affected.

**If we are unable to develop and introduce new solutions that adapt to changing market demand and customer needs in a timely manner, our future business, results of operations, financial condition and competitive position would be materially and adversely affected.**

Our success depends on our ability to develop and introduce new solutions that incorporate and integrate the latest technological advancements. A swift change in the technologies that our customers prefer would significantly affect our business prospects. Failure to adapt to the rapidly evolving technology environment could damage our relationships with customers and lead them to seek alternative sources of supply. To remain competitive, we must continue to enhance and improve the responsiveness, functionality and features of our solutions. However, there can be no assurance that we will be able to keep up with the technology evolution, or effectively use new technologies, recoup the costs of developing new technologies or adapt our proprietary technologies or solutions in a cost-effective and timely manner to meet customer requirements or emerging industry standards.

We may encounter significant unexpected technical and production challenges or delays in completing the development of new and enhanced solutions in a cost-effective manner. As such, we need to invest significant resources in R&D, design innovative, accurate and safety- and comfort-enhancing functions that differentiate our solutions from those of our competitors, continually improve the reliability of our intelligent driving technologies, cooperate effectively on new designs and development with our customers, suppliers and business partners, respond effectively to technological changes and solutions announcements by our competitors and adjust to changing customer requirements, market conditions and regulatory standards quickly and cost-effectively.

If there are delays in, or if we fail to complete as expected or at all, the development of new and enhanced solutions, we may not be able to satisfy our customers' requirements, acquire additional design wins with existing or new customers, or achieve broader market acceptance of our solutions, and hence our business, results of operations, financial condition and competitive position would be materially and adversely affected.

**We have been and intend to continue investing significantly in R&D, which may not generate the results we expect and therefore may adversely affect our short-term cash flow, liquidity and profitability.**

We are focusing on our R&D efforts across intelligent driving solutions, intelligent cabin solutions and vehicle infrastructure cooperative systems. We have been investing heavily in our R&D. Our research and development expenses were RMB82.2 million, RMB139.3 million, RMB149.8 million, RMB81.4 million and RMB63.3 million in 2021, 2022 and 2023 and the six months ended June 30, 2023 and 2024, respectively, representing 46.9%, 49.9%, 31.5%, 49.7% and 26.7% of our total revenue, respectively. We may continue to incur significant research and development expenses in the future.

However, there can be no assurance that our efforts will deliver the benefits we anticipate. The results of our development activities are inherently uncertain, and we may not be able to obtain and retain qualified R&D personnel. Even if we succeed in R&D and generate the results we expect, we may still encounter practical difficulties in commercializing our development results. New technologies could render our technologies, technological infrastructure or solutions that we are developing or plan to develop obsolete or unattractive, thereby limiting our ability to recover related development costs, which could adversely affect our revenue, profitability and market share. As such, our R&D efforts may not contribute to our future results of operations and such contribution may not meet our expectations or even cover the costs of our R&D efforts, which may materially and adversely affect our business, results of operations, financial condition and competitive position.

**We recorded net losses and had net operating cash outflows during the Track Record Period.**

In 2021, 2022 and 2023 and the six months ended June 30, 2023 and 2024, we recorded loss for the year/period of RMB139.8 million, RMB220.8 million, RMB207.2 million, RMB132.8 million and RMB112.0 million, respectively. Furthermore, during the same years/periods, we recorded net cash used in operating activities of RMB252.1 million, RMB255.2 million, RMB276.3 million, RMB114.4 million and RMB84.6 million, respectively. Our net losses and net operating cash outflows were primarily because we were still at a ramp-up stage and aim at long-term business success and financial return in the automotive intelligence solutions industry, rather than seeking near-term profitability at the expense of long-term market potential. Based on our current development plan and our management's estimates, we do not expect to generate any net profit before 2026.

Our historical performance may not be indicative of our future performance. Our ability to generate revenue and achieve profitability will depend on the performance of our existing solutions and the successful implementation of our strategic initiatives. Our profitability could also be affected by a number of factors, many of which are beyond our control, including regulatory evolvement, changes in economic condition and competition. If we are unable to effectively manage our business growth and expand our business operations, we may be unable to successfully implement the strategies necessary to further our business prospects on schedule or within our budget, or at all. Accordingly, there can be no assurance that we can achieve future profitability. In addition, there can be no assurance that we will be able to generate positive cash flows from operating activities in the future. If we have negative cash flows from operating activities in the future, our business, results of operations and liquidity may be adversely affected.

**There can be no assurance that our efforts in seeking design wins for our solutions will succeed.**

We invest significant efforts in obtaining design wins from our initial contact with an automotive OEM to its choosing our solutions for incorporation into one or more of its specific vehicle models. We may invest significant resources pursuing, but fail to achieve, a design win for our solutions. In addition, after a design win, it is typically difficult for a solution or technology that did not receive the design win to displace the winner until the automotive OEM issues a new request for quotation, because an automotive OEM will generally not change complex technologies already integrated in its systems until a vehicle model is revamped. The company with the winning design may also have an advantage with the automotive OEM henceforth because of its established relationship with the automotive OEM, which would make it more difficult for competitors to win the designs for other vehicle models of the same OEM. In addition, despite the growing number of design wins obtained by us during the Track Record Period, there is no guarantee that such projects will eventually reach mass production nor any guarantee on the respective selling prices and commercial terms of our solutions. If we fail to obtain design wins in the future, our business, results of operations and financial condition will be materially and adversely affected.

**Our existing OEM customers may not purchase our solutions in any certain quantity or at any certain price.**

We typically receive preliminary estimates from automotive OEMs of their anticipated production volumes for the models after we obtain the design win. Those estimates may be revised significantly by the OEMs, potentially multiple times, and may not be representative of future production volumes. Accordingly, there can be no assurance that these customers will purchase our solutions in large quantities or at all and at a price that will be profitable to us. If a vehicle model for which we obtain the design win is unsuccessful or an automotive OEM decides to delay, discontinue or reduce production of a vehicle model or the use of our solutions in a vehicle model, our sales could be less than what we anticipate, and our anticipation of revenue stream or inventory management may also be adversely impacted. Moreover, pricing estimates are made at the time of a request for quotation by an automotive OEM, and, as a result, changing market or other conditions may require us to sell our solutions for a lower price than we initially expected. If we are unable to save sufficient production cost or introduce solutions with additional features and functionality at a higher price to offset price reductions, our business, results of operations and financial condition may be materially and adversely affected.

**Pricing pressures from our OEM customers who possess significant bargaining power may materially and adversely affect our business prospects and results of operations.**

Many of our current and target customers, particularly automotive OEMs, possess significant bargaining power over their suppliers, including us, because they are large corporations with stringent standards for procured solutions and potentially competitive internal solutions. The supply chain for automotive OEMs is highly competitive, serving a limited number of automotive OEMs. The growing competition among established players and new market entrants in such supply chain further exacerbates the pricing pressures we face. As such, we may face continued pricing pressure from automotive OEMs and other major customers to reduce prices, and as a result our business, results of operations and financial condition may be materially and adversely affected. Pricing pressures beyond our expectations may further intensify as automotive OEMs pursue restructuring, consolidation and cost-cutting initiatives. Under such circumstances, if we are unable to offset price reductions or introduce new solutions with higher sale prices or gross profit margins, our profitability would be materially and adversely affected.

**Our development strategies may not succeed, which may materially and adversely affect our business, financial condition and results of operations.**

We have implemented comprehensive business strategies, including developing new technologies and expanding our operations. We have been and will continue introducing new solutions and improving existing ones to meet market demand and customer needs.

However, there can be no assurance that our strategies are accurate or correct in terms of aligning with the market development, including technological advancements, industry trends and end-user preferences. If any of our business strategies are proven to deviate from such market development, it could have a negative impact on our business, financial condition and results of operations. In addition, we may fail to obtain the necessary resources to fund our future plans or employ suitable personnel to manage our expanded business. If we are unable to develop and introduce new solutions and improve existing solutions in a cost-effective and timely manner, our business, financial condition, results of operations and competitive position would be materially and adversely affected.

**Changes in international trade policies, geopolitics and trade protection measures, export control and economic or trade sanctions may materially and adversely affect our business, financial condition and results of operations.**

Our operations may be negatively affected by any deterioration in the political and economic relations among countries and sanctions and export controls administered by the government authorities in the countries in which we operate, and other geopolitical challenges, including, but not limited to, economic and labor conditions, increased duties, taxes and other costs and political instability. For example, the U.S. government imposed economic and trade sanctions directly or indirectly affecting China-based technology companies. Such laws and regulations are likely subject to frequent changes, and their interpretation and enforcement involves substantial uncertainties, which may be heightened by national security concerns or driven by political or other factors that are beyond our control. There is also risk relating to the future relationship between the United States and China with respect to trade policies, treaties, government regulations and tariffs. Such potential uncertainties and restrictions, as well as any associated inquiries or investigations or any other government actions, may be difficult or costly to comply with and may, among other things, delay or impede the development of our technology and solutions, hinder the stability of our supply chain, negatively affect the market demand for our solutions, result in negative publicity, require significant management's attention and subject us to fines, penalties or orders that we cease or modify our existing business practices. For example, increased tariffs imposed by the U.S. government on certain imported goods from China in recent years may have a negative impact on the competitiveness of Chinese OEMs in the U.S. market. Additionally, the European Union has implemented certain tariffs on Chinese-made EVs, which could adversely impact the competitiveness of our customers in the EU market. The United States and the European Union may continue to increase tariffs on Chinese-made EVs and other goods in the future. While these tariffs are subject to further negotiations and uncertainties, they may indirectly affect the demand for our products among Chinese EV manufacturers who have business in the EU market. Moreover, the escalated Palestinian-Israeli conflict, the war in Ukraine and the imposition of broad economic sanctions on Russia could raise energy prices and disrupt global markets. Unrest, terrorist threats and the potential for war in the Middle East and elsewhere may increase market volatility across the globe. Any circumstance mentioned above may have a material and adverse effect on our business, financial condition and results of operations.

In recent years, the United States has increased export controls restrictions on China through the Export Administration Regulations (the "**EAR**"), administered by the Bureau of Industry and Security of the U.S. Department of Commerce, which includes a list of foreign persons on which certain trade restrictions are imposed, including businesses, research institutions, government and private organizations, individuals and other types of legal persons (the "**Entity List**"). Where a foreign person is included on the Entity List, the export, re-export and/or transfer (in-country) of items which are subject to the EAR generally is prohibited unless the specified license requirements are met. If certain customers and suppliers are listed on the Entity List and subject to restrictions from sourcing or selling technologies, software or products and solutions from/to us, there can be no guarantee that we will be able to obtain as well as extend and maintain the requisite regulatory permits in relation to our transactions with these customers and suppliers, or that such permits will cover all our existing and potential transactions with such customers and suppliers. There can be no assurance that the export control actions the U.S. government may take will not impact our business, suppliers or customers. The U.S. government could further expand the scope of items subject to the EAR in a manner that captures our solutions. Additional actions could also take the form of additional designations on the Entity List, which could make our solutions subject to the EAR for certain transactions if involving those parties.

Further, the United States has implemented and has proposed additional restrictions, some of which may impact Chinese companies. For example, on June 21, 2024, the U.S. Department of the Treasury issued proposed regulations in a Notice of Proposed Rulemaking (the "**NPRM**") to implement Executive Order ("**E.O.**") 14105, which addresses U.S. investments in certain national security technologies and products in mainland China, Hong Kong and Macau. Consistent with the E.O., the proposed regulations focus on advanced semiconductors and microelectronics, quantum computing and related technologies, and specific types of artificial intelligence. On October 28, 2024, the U.S. Department of the Treasury released a final rule to implement the E.O., which is expected to become effective on January 2, 2025. The E.O. targets investments involving persons and entities associated with "countries of concern," currently only China, and it imposes investment prohibition and notification requirements on a wide range of investments in companies engaged in activities relating to three sectors: (i) advanced microchips and microelectronics, (ii) quantum computing, and (iii) artificial intelligence systems, with persons from countries of concern engaged in these technologies defined as "Covered Foreign Persons." Investments by U.S. persons subject to the E.O., which are defined as "covered transactions," include acquisitions of equity interests (including purchases of shares in an initial public offering), certain debt financing, joint ventures, and certain investments as a limited partner in a non-U.S. person pooled investment fund. The E.O. excludes some investments from the scope of covered transactions, including those in publicly traded securities listed on a non-U.S. stock exchange. The E.O. is aimed at exerting greater U.S. government oversight over U.S. direct and indirect investments involving China, and may introduce new hurdles and uncertainties for cross-border collaborations, investments, and funding opportunities of China-based issuers including us. Due to such E.O., our ability to raise such capital may be significantly and negatively affected, which could be detrimental to our capital raising capacity and our business, financial condition and prospects.

In addition, EAR also maintains a list of items, software and technology that are subject to export controls (the "**Commerce Control List**" or "**CCL**"). While the CCL is primarily based on multilateral export control lists, such as the Wassenaar Arrangement's List of Dual-Use Goods and Technologies and Munitions List, the BIS can also implement unilateral licensing requirements and other controls on items subject to U.S. export controls jurisdiction that can restrict exports and reexports to certain countries, as well as transfers within a country to a different end-user or end-use. On October 7, 2022, the U.S. Department of Commerce, the BIS published rules that introduce new restrictions related to semiconductors, semiconductor manufacturing, supercomputers and advanced computing items and end uses in Mainland China, Hong Kong SAR or Macau SAR (the "**U.S. Chip Export Restrictions**"). See "Regulatory Overview—Regulations on the Import and Export of Goods—the United States—Export Control Law" for more details. BIS' rules on advanced computing and semiconductor manufacturing were implemented in two key areas. First, these rules impose restrictive export controls on certain advanced computing semiconductor chips and software, transactions for supercomputer end-uses and transactions involving certain entities on the Entity List. Second, these rules impose new controls on certain semiconductor manufacturing items and on transactions for certain integrated circuit end uses.

On October 17, 2023, BIS released additional interim final rules making changes to the U.S. Chip Export Restrictions. These rules, which took effect on November 17, 2023, included expanded controls on the export of certain advanced computing and other items to China. We procured certain materials and components from various U.S. and non-U.S. suppliers, primarily including chips, among other things. In 2021, 2022 and 2023 and the six months ended June 30, 2024, our procurement cost of chips contributed to 35.0%, 11.3%, 12.9% and 14.9% of our total procurement cost, respectively. We had not experienced and are currently not aware of any sourcing restrictions from U.S. or non-U.S. suppliers. Furthermore, since the U.S. Chip Export Restrictions has been in force for years, as advised by our Legal Advisor as to U.S. export control laws, we expect that any such restrictions would have already been mentioned by U.S. or non-U.S. suppliers if applicable to the chips supplied to us.

On September 23, 2024, the BIS issued a NPRM that would prohibit the sale in or import into the United States of connected vehicles integrating specific hardware and software, or those components or software if sold or imported separately, with a sufficient nexus to certain foreign adversaries including China and The Russian Federation (Russia) (the "**Proposed Rule**"). The Proposed Rule identifies significant national security concerns associated with connected vehicles and related connect components and software designed, developed, manufactured or supplied by companies located in or headquartered in China or Russia, and is expected to have a major impact on the automotive and ICTS sectors. Specifically, the Proposed Rule bans the importation and sale of hardware and software components integrated into Vehicle Connectivity Systems ("**VCS**") (largely technology that connects the vehicle to the internet) and software integrated into ADS (but excluding ADAS) absent a general or specific authorization. It also prohibits connected vehicle manufacturers that are owned by, controlled by, or subject to the jurisdiction of China or Russia from selling connected vehicles that incorporate VCS hardware or covered software in the United States. If adopted, prohibitions on software would go into effect for model year 2027 vehicles and prohibitions on hardware would take effect for Model Year 2030 vehicles, or January 1, 2029 for units without a model year. The Proposed Rule establishes a requirement that connected vehicle manufacturers, which would be most OEMs and all importers, submit declarations of conformity, sets out the conditions for general and specific authorizations, establishes a process for industry stakeholders to seek an advisory opinion from BIS with respect to specific transactions, and establishes a process to inform VCS hardware importers and connected vehicle manufacturers that a specific authorization may be required. Although as of the Latest Practicable Date we did not sell our products to customers in the United States or to customers who incorporated them into products for sale to the United States to our best knowledge, and we do not intend to actively develop our business in the United States as a major market in the future, the Proposed Rule or similar regulations could limit the potential market for our solutions. Other countries could also consider and adopt similar technology restrictions. Accordingly, we may be adversely affected by new sanctions and export controls or other trade-related measures and our business, financial condition and results of operation may suffer as a result.

As advised by our Legal Advisor as to U.S. export control laws, during the Track Record Period, (i) our customers are not designated on BIS' Entity List, Denied Persons List or Unverified List or headquartered in or ordinarily resident in, or owned or controlled by a government of, any Countries or Regions Subject to Comprehensive Trade Embargos (collectively, the "**Sanctioned Targets**")); and (ii) our activities do not involve operations or transactions that have violated or would violate (a) the restrictions on Sanctioned Targets; and (b) the EAR restrictions on the end-uses set forth in the U.S. Chip Export Restrictions. See "Business—Compliance with Regulations on the U.S. Chip Export Restrictions" for more details. In addition, during the Track Record Period and up to the Latest Practicable Date, we had not sold semiconductor-incorporated products to any countries under prohibition (such as Russia, Belarus and North Korea) and/or for any prohibited end uses (such as supercomputing) to our best knowledge having made all reasonable enquiries.

During the Track Record Period and up to the Latest Practicable Date, our business activities had not been affected by the U.S. Chip Export Restrictions or U.S. export control laws in any material respect. However, as the Entity List and other U.S. export control laws and regulations continue to expand and evolve, future U.S. export controls may materially affect or target some of our significant suppliers or customers, raw material and key components necessary for our operations, in which event our business may be affected if we fail to promptly secure alternative sources of supply or demand on terms acceptable to us. These sanctions and export controls could adversely affect us and/or our supply chain, business partners or customers, and our business, financial condition and results of operations may be significantly affected by the continued international trade and political tensions. We cannot provide any assurance that our future business will be free of sanctions and export controls risk or our business will conform to the expectations and requirements of the authorities of U.S. or any other jurisdictions. If any of the foregoing happens, we may need to source new product or collaborate other suppliers as an alternative, which may not be successful, and our business, results of operations and financial condition would be adversely affected.

Furthermore, other countries may continue to adopt semiconductor-focused export controls that could impact our solutions and operations. The aforementioned restrictions, and similar or more expansive restrictions or sanctions, including sanctions currently imposed or may be imposed in the future by the Office of Foreign Assets Control of the United States or other relevant authorities in other jurisdictions, may materially and adversely affect our customers' and suppliers' ability to acquire or use technologies, systems, software, devices or components that may be critical to their products, service offerings and business operations, which in turn may adversely affect our business, results of operations and financial condition.

**We are susceptible to supply shortages and increased costs of raw materials and key components, which may materially and adversely affect our business, financial condition and results of operations.**

During the Track Record Period, we sourced raw materials and components from both PRC and overseas suppliers. Any shortages or delay in the supply of our raw materials and key components could result in occasional price adjustments or delays in our production and delivery to customers. We may in the future experience supply shortages and price fluctuations of certain raw materials and components, and the predictability of the availability and pricing of these raw materials and components may be limited. In the event of a shortage, supply interruption or price increase by suppliers of these raw materials and components, we may not be able to develop alternative sources in a timely manner or at all. Developing alternative sources of supply for these raw materials and components may be time-consuming, difficult and costly, and we may not be able to source these raw materials and components on terms that are commercially acceptable to us, or at all, which may increase our production costs or undermine our ability to fill customer orders in a timely manner. In addition, the loss of any supplier for any reason could lead to design changes, production delays and potential loss of access to important technologies, any of which could result in quality issues, delays and disruptions in our delivery of solutions, negative publicity and damage to our brand name.

**Unsatisfactory performance of or defects in our solutions, or failure to maintain an effective quality management system, may harm our reputation, lead to returns or recalls and materially and adversely affect our business, financial condition and results of operations.**

We may offer solutions that are affected by substandard quality or unsatisfactory performance due to design and manufacturing defects. We may also be exposed to potential product liabilities. See "Business—Our Customers—After-Sales and Warranty." The consequences of such solution defects may be severe and we may be subject to claims for contract breaches or be liable for property damage or even bodily injuries and harms. Further, the causes of solution defects may be manifold and sometimes beyond our control. Besides errors in the design, R&D and production of our solutions, defects may also be caused by defective raw materials and components delivered by our suppliers and integrated in our solutions. As we do not have direct control over the quality of the materials and intermediate products manufactured or supplied by third parties, we are exposed to risks relating to the quality of such materials and intermediate solutions. Furthermore, notwithstanding our established quality control and supplier management systems, there is no assurance that we will be able to identify all quality issues, particularly those arising from defective raw materials and components delivered by our suppliers, which could materially and adversely affect our reputation and operation.

In addition, we may manufacture particular solutions pursuant to specifications and quality requirements set by our customers. If our solutions do not meet the specifications and quality requirements stipulated by our customers, relevant production may be discontinued until the cause of the solution defect has been identified and remedied, and we may also be subject to litigation, lose customers, suffer negative publicity and our business, results of operations and financial condition could be adversely affected. During the Track Record Period, we also strategically engaged several third-party contract manufacturers and technical service providers for production and testing of our solutions. See "—Risks Relating to Our Business and Industry—We are subject to risks relating to the engagement of third-party contract manufacturers and technical service providers for the production and testing of our solutions."

Therefore, our failure to maintain the consistent quality control throughout our production process may result in the substandard quality or unsatisfactory performance of our solutions, which may cause significant damage to our market reputation and lead to a decrease in our sales volume. If we deliver any defective solutions, or if there is a perception that our solutions are of substandard quality or unsatisfactory performance, our market reputation and sales volumes may be adversely affected. See "Business—Our Customers—Solution Returns and Replacement."

In addition, as our OEM customers may incorporate our solutions to their vehicle models, and after their assembly process, sell such vehicle models to end consumers, we may be also exposed to potential product liability claims from end consumers, in case that any safety damage results from the use of our solutions even though we do not directly sell to such end consumers. During the Track Record Period and up to the Latest Practicable Date, we had not, due to material solution quality issues, (i) received fines, product recall orders or other penalties from the PRC government or other regulatory bodies, (ii) received any solution return requests, or (iii) received complaints from our customers that have a material adverse effect on our business, financial condition and results of operations. However, there can be no assurance that we will not experience any material product liability losses in the future, or that we will be able to defend such claims at a contained level of cost.

**If additional capital for our business growth is not available, we may experience liquidity constraints and our business, results of operations and financial condition may be materially and adversely affected.**

Our ability to sustain growth and remain competitive currently requires significant investment in various aspects of our business, including technology development, market expansion and talent acquisition. During the Track Record Period, we primarily funded our cash requirements from bank borrowings and proceeds we received from Pre-IPO Investments. However, we may face pressure on our capital position if our future capital requirements exceed our available funds. A shortage of funds may impede our ability to maintain adequate investment in R&D, hinder the adoption of new technologies and delay the development of new solutions. Furthermore, inadequate financing may limit our marketing and business expansion efforts, hamper our ability to fulfill our obligations and negatively impact our business prospects, operations and performance. Additionally, a strained financial position may hinder our ability to attract and retain top talents, thereby undermining our competitiveness and hindering our ability to execute our growth strategy.

Furthermore, our financing capacity may be limited by factors beyond our control, such as macroeconomic policies, economic conditions, interest rate environment and market sentiments. If our financing capacity become restricted, we may experience liquidity constraints that could adversely affect our ability to operate and grow our business. As a result, we may require additional capital resources to fund our future growth and development, but we may not be able to obtain financing on commercially favorable terms, or at all. Any failure to secure financing on acceptable terms could negatively impact our business, results of operations, financial condition and prospects. We may also be required to accept unfavorable financing terms, which could dilute our Shareholders' ownership interests, increase our financing costs, or restrict our financial flexibility. Such financing terms may also contain covenants that could limit our operations, including our ability to incur additional debt or make certain investments, which may adversely impact our business.

**If we fail to manage our inventory effectively, our results of operations, financial condition and liquidity may be materially and adversely affected.**

Our inventories primarily comprise (i) raw materials, (ii) finished goods and (iii) contract fulfillment costs. As of December 31, 2021, 2022 and 2023 and June 30, 2024, we had inventories of RMB122.8 million, RMB168.5 million, RMB145.0 million and RMB129.6 million, respectively. We emphasize the prediction of market demand and production plans to ensure adequate inventory to meet our customer demand while optimizing relevant costs. However, our ability to forecast market demand for our solutions could be affected by many factors beyond our control. Unpredicted fluctuations in the customer demand for or production plans of our solutions may affect our ability to keep sufficient inventories to deliver solutions in a cost-effective and timely manner.

Additionally, our mismanagement of inventory could result in inventory levels in excess of customer demand, inventory write-downs and the sale of excess inventory at discounted prices. Our inventory turnover days were 194 days, 216 days, 140 days and 123 days in 2021, 2022 and 2023 and the six months ended June 30, 2024, respectively. As our business expands, our inventory obsolescence risk may also increase with the increase in our inventories and our inventory turnover days, which may adversely affect our business, financial condition and results of operations.

**The sales results of our solutions will partially depend on effective deployment and operation by third parties on, and overall user experience of, the end products.**

The sales results of our solutions will partially depend on our OEM customers and business partners effectively deploying and operating our solutions on their vehicle models. For example, our intelligent driving solutions control various vehicle functions including steering, navigation and braking, and should be integrated effectively with the other systems of the vehicles developed by the automotive OEMs. Although we did not experience any issue or receive any complaint on the interoperability of our systems with the vehicle models developed by our OEM customers during the Track Record Period, there can be no assurance that our solutions will always be integrated effectively at the requisite level of interoperability in the vehicle models. In addition, the sales results of a vehicle model depend on the overall user experience of, among other things, human machine interface, vehicle space, vehicle interior and operability, which are all beyond our control. The vehicle models integrated with our solutions may generate poor sales results due to poor overall user experience of such vehicle models, which, in turn, may materially and adversely affect the sales results of our solutions.

**Our operational results are subject to risks inherent to the automotive market.**

We provide intelligent driving solutions and intelligent cabin solutions for vehicle models of the automotive OEMs. As a result, our operational results are subject to the risks inherent to the automotive market. The nature, timing and extent of changes in industry-wide conditions are largely unpredictable. In particular, the automotive market is still rapidly evolving, characterized by changing technologies, prices and competitive landscape, government regulations, industry standards and consumer demand and behaviors. Our future growth is to a certain extent dependent on the demand for, and upon consumers' willingness to purchase, the vehicles of OEMs, which may be affected by a number of factors, many of which are beyond our control, including changes in economic condition, regulatory evolvement, purchasing power, fuel prices and advancements in alternative transportation technologies. For example, in periods of economic downturn or uncertainties, consumers may defer or reduce their spending on new vehicles, which would lead to a decrease in the demand for our solutions. If the automotive market does not develop as we expect or develops more slowly than we expect, our business, prospects, financial condition and results of operations will be materially and adversely affected.

**Negative publicity and allegations involving us, our Shareholders, Directors, officers, employees and business partners may affect our reputation and, as a result, our business, financial condition and results of operations may be negatively affected.**

Negative publicity and allegations involving us, our Shareholders, Directors, officers, employees and business partners, or the intelligent driving market as a whole, may materially and adversely harm our brand image and reputation, and cause deterioration in the level of market recognition of, and trust in, the solutions provided by us, thereby resulting in reduced sales volumes and revenue, potential loss of business partners as well as the loss of highly qualified personnel with specialized skills. In addition, such negative publicity may come from malicious harassment or unfair competition acts by third parties, which are beyond our control. Such negative publicity may also result in the diversion of management's attention, and governmental investigations or other forms of scrutiny, which may have a material and adverse effect on our business, financial condition, results of operations and prospects.

**We may not be able to protect our intellectual property rights, and our ability to compete could be harmed if our intellectual property rights are infringed by third parties.**

There can be no assurance that we can prevent third parties from infringing upon our intellectual property rights. Unauthorized use of our intellectual properties, unfair competition, defamation or other violations of our rights by our employees and/or third parties may harm our brand and reputation, and the expenses incurred in protecting our intellectual property rights may materially and adversely affect our business. We may, from time to time, be required to institute litigation, arbitration or other proceedings to enforce our intellectual property rights, which may be time-consuming and expensive to resolve and could divert our management's attention regardless of the outcome, and adversely affect our business, financial condition and results of operations.

It can be difficult to register, maintain and enforce intellectual property rights in the jurisdictions where we operate. Laws and regulations are subject to judicial interpretation and enforcement and may not be applied consistently. Preventing any unauthorized use of our intellectual properties is difficult and costly and the steps we take may be inadequate to prevent the misappropriation of our intellectual properties. In addition, our trade secrets may be leaked or otherwise become available to, or be independently discovered by, our competitors. Any failure in protecting or enforcing our intellectual property rights may have a material and adverse effect on our business, financial condition, results of operations and prospects.

**We may infringe intellectual property rights of third parties, which can lead to time-consuming and costly intellectual property infringement claims.**

We may, from time to time, be subject to legal proceedings and claims relating to the intellectual property rights of third parties. In addition, there may be third-party trademarks, patents, copyrights, know-how or other intellectual property rights that are infringed upon by our solutions, services or other aspects of our business without our knowledge. Holders of such intellectual property rights may seek to enforce such intellectual property rights against us in the PRC or other jurisdictions. If any third-party infringement claims are brought against us, we may be forced to divert our management's attention and other resources from our business and operations to defend these claims, regardless of their merits.

Additionally, the application and interpretation of the PRC laws relating to intellectual properties, and the procedures and the standards for granting trademarks, patents, copyrights, know-how or other intellectual property rights in the PRC are still evolving, and there can be no assurance that the PRC courts or regulatory authorities would agree with our analysis. If we were found to have violated the intellectual property rights of any third party, we may be subject to liability for our infringing activities or may be prohibited from using such intellectual properties, and we may incur licensing fees or be forced to develop alternatives of our own. In such events, our business, financial condition, results of operations and prospects may be materially and adversely affected.

**Confidentiality agreements and non-compete covenants with employees may not adequately protect our proprietary rights.**

We have devoted substantial resources to the development of our technology and know-how. Although we enter into employment agreements with confidentiality, non-compete covenants and intellectual property ownership clauses with our key employees, there can be no assurance that these agreements will not be breached, that we will have adequate remedies for any breach in time or at all, or that our proprietary technology, know-how or other intellectual properties will not otherwise become known to third parties. Costly and time-consuming litigation could be necessary to enforce and determine the scope of our proprietary rights, and failure to obtain or maintain protection for our proprietary rights could adversely affect our business, financial condition, results of operations and competitive position.

**The termination of any collaboration with our business partners regarding R&D projects may adversely affect our operations, revenue and profitability.**

We engage in strategic R&D collaborations with certain of our customers, suppliers and academic institutions. See "Business—Research and Development—R&D Team." There can be no assurance that our business partners will continue to collaborate with us on commercially reasonable terms or at all. Moreover, there can be no assurance that we will be able to establish new business partner relationships, or extend existing relationships with our business partners when our agreements with them expire. If we are unable to maintain our collaborations with our key business partners, our operations, revenue and profitability could be adversely affected.

**We are subject to risks relating to the engagement of third-party contract manufacturers and technical service providers for the production and testing of our solutions.**

During the Track Record Period, we strategically engaged several third-party contract manufacturers for the production of our solutions. See "Business—Our Production—Contract Manufacturing." In addition, during the Track Record Period, we procure certain technical services, including, among other things, testing and validation for our solutions, from third-party technical service providers.

If we are unable to maintain our contractual relationships with such third parties, or if we are unable to continue using or obtaining these services on commercially reasonable terms, we may not be able to secure alternatives in a timely manner or at all, which may, in turn, materially and adversely affect our business, results of operations, financial condition and competitive position.

In addition, while the quality of the services provided by the foregoing third parties depends to same extent on the effectiveness of our quality control, there can be no assurance that our quality control procedures will be effective in consistently preventing deviations by third parties from our quality standards. The failure of our third-party contract manufacturers and technical service providers to follow the manufacturing or service schedule, maintain service quality or comply with production and service standards can affect our ability to fulfill our obligations to customers and may expose us to potential liabilities. While we may seek indemnities from these third-party contract manufacturers and technical service providers, any such attempt can be costly and time-consuming, and any indemnities obtained may not fully cover our losses.

**The expansion of our in-house manufacturing capabilities may be subject to delays, disruptions, cost overruns, or may not produce expected benefits.**

We plan to further enhance our manufacturing capabilities to accelerate our commercialization. See "Business—Our Strategies—Continuously Enhancing Intelligent Production Capability to Accelerate Commercialization" and "Business—Our Production" for detail. Pursuant to our production expansion plan, we expect to achieve full in-house production by 2026. However, the expansion could experience delays or other difficulties, and will require significant capital. Any failure to complete the expansion on schedule and within budget could adversely affect our financial condition, production capacity, and results of operations.

**We have a limited number of key customers and suppliers.**

For the years ended December 31, 2021, 2022 and 2023 and the six months ended June 30, 2024, the revenue from our five largest customers for the respective years/period in aggregate accounted for 78.0%, 42.7%, 37.0% and 39.8% of our total revenue, respectively, and our largest customer for the respective years/period contributed 31.7%, 16.6%, 11.4% and 10.5% of our total revenue, respectively. See "Business—Our Customers—Major Customers." Any failure by such customers to meet their payment obligations or contractual commitments could have a material adverse effect on our business, financial condition and results of operations.

For the years ended December 31, 2021, 2022 and 2023 and the six months ended June 30, 2024, our five largest suppliers for the respective years/period in aggregate accounted for 41.9%, 36.3%, 41.7% and 38.9% of our total purchase amount, respectively, and our largest supplier for the respective years/period contributed 15.3%, 8.0%, 11.7% and 13.2% of our total purchase amount, respectively. See "Business—Our Suppliers—Major Suppliers." Any significant delay in the delivery by such suppliers, the inability of such suppliers to meet their quantity or quality obligations, or the unavailability of alternative suppliers, could have a material adverse effect on our business, financial condition and results of operations.

**Any reduction or discontinuation of preferential tax treatment or government grants may adversely affect our financial condition and results of operations.**

We enjoyed preferential tax treatment and government grants during the Track Record Period. The PRC EIT Law and its implementation rules have adopted a statutory enterprise income tax rate of 25%. However, the income tax of an enterprise that has been determined to be a national High and New Technology Enterprise ("**HNTE**") can be reduced to a preferential rate of 15%. We were recognized as a national HNTE in 2020 and 2023, and hence is entitled to a preferential income tax rate of 15% from 2020 until three years after 2023. In addition, one of our subsidiaries was also recognized as a national HNTE. Meanwhile, during the Track Record Period, certain of our PRC subsidiaries were qualified as "small low-profit enterprises" under the EIT Law of the PRC and enjoyed a preferential income tax rate of 20% for certain portion of their respective taxable income pursuant to relevant legal requirements. See "Financial Information—Description of Key Components of Our Results of Operations—Income Tax Expense." If we cease to be entitled to preferential tax treatment or if the relevant PRC laws and regulations change, our income tax expenses may increase, which would adversely affect our financial condition and results of operations.

We also receive government grants from time to time. In 2021, 2022, 2023 and the six months ended June 30, 2023 and 2024, the government grants we recognized as other income were RMB23.9 million, RMB4.7 million, RMB27.9 million, RMB3.2 million and RMB6.3 million, respectively. See "Financial Information—Description of Key Components of Our Results of Operations—Other Income." There can be no assurance that we will continue to receive and benefit from government grants in the future.

**Our success relies on key management and other highly qualified personnel with specialized skills.**

Our future success largely depends on the continued service of our management and highly qualified personnel with specialized skills. Our ability to compete effectively depends to some extent on our ability to retain and motivate existing employees and attract new talents. We may need to offer higher compensation and other benefits to attract and retain key personnel and our compensation and benefits payments may increase unexpectedly or at a greater rate than expected. If we lose the services of any member of our management or qualified personnel, we may not be able to locate suitable or qualified replacements in a timely manner and/or at reasonable cost, or at all. Our failure to attract and retain key management or qualified personnel and any increase in staffing costs to retain such personnel could have a negative impact on our ability to maintain our competitive position and grow our business, and may have a material adverse effect on our business, financial condition, results of operations and prospects.

Our key employees are subject to confidentiality terms and non-compete arrangements. However, there can be no assurance that such terms or arrangements can be fully enforced. If any of our management or other key personnel joins or establishes a competing business, we may lose some of our customers, which may have a material adverse effect on our business, results of operations and financial condition.

**We are subject to the evolving regulatory requirements regarding the end markets of our solutions.**

Government regulations have imposed stringent requirements on vehicle safety in general and in the context of intelligent driving. While we believe that the enhancement of automotive safety standards could present a market opportunity for our solutions, evolving regulatory requirements could also be challenging to satisfy and may adversely affect our solutions portfolio and business operations. Government safety regulations are subject to changes driven by a number of factors that are beyond our control, including new technologies, adverse publicity regarding recalls and safety risks of intelligent and autonomous driving, accidents involving intelligent and autonomous driving, domestic and foreign political situations, and litigation relating to intelligent and autonomous driving as well as data privacy. New legislation or changes in the regulatory requirements, as well as changes or evolution in court interpretation of those regulations, with respect to the automotive intelligence solutions industry could adversely affect our business, and requires continuous monitoring of laws and regulations and an ongoing compliance process to ensure that we are in compliance with existing laws and regulations in each market where we operate. Our compliance cost could be substantial given the evolving nature and complexity of the relevant laws and regulations.

**Failure to renew our leases or to comply with PRC property-related laws and regulations regarding certain of our leased properties could adversely affect our business.**

As of the Latest Practicable Date, we leased 13 properties in China, which were used for R&D, production and office purposes. We generally enter into long-term lease agreements with our lessors. However, there can be no assurance that we would be able to renew the relevant lease agreements at reasonable cost, or at all; if we fail to do so, we may be compelled to relocate from the affected premises. Such relocation may result in additional expenses or business interruption, or we may not be able to find suitable alternatives in a timely manner, or at all, which could, in turn, have an adverse effect on our business, financial condition and results of operations.

As of the Latest Practicable Date, we had not completed lease registration for such 13 leased properties. As advised by our PRC Legal Advisor, failure to register such lease agreements as required by the relevant competent authorities may subject us to a fine of RMB1,000 to RMB10,000 for each unregistered lease agreement. In addition, certain lessors failed to provide us with their real estate ownership certificates or proof of authorizations from the property owners. As advised by our PRC Legal Advisor, without valid real estate ownership certificates or proof of authorizations from the relevant lessors or property owners, we may not be entitled to use these leased properties or may be affected by third parties' claims or challenges against the relevant leases. See "Business—Properties." If we are challenged by third parties or government authorities in connection with our use of the foregoing leased properties, we may be subject to fines and may be forced to relocate, as the case may be, and, as a result, our business, results of operations and financial condition may be adversely affected. Furthermore, if we are not able to find a suitable location on commercially reasonable terms or in a timely manner or at all, our operations may be interrupted.

**If we fail to obtain and maintain the requisite licenses and approvals, our results of operation and financial condition may be materially and adversely affected.**

The automotive intelligence solutions industry in which we operate is highly regulated. In accordance with the PRC laws and regulations, we are required to maintain certain approvals, licenses and permits in order to operate our businesses in the PRC. As advised by our PRC Legal Advisor, we had obtained the requisite licenses, permits, approvals and certificates from applicable authorities which are material to our operations, and such licenses, permits, approvals and certificates are valid and effective as of the Latest Practicable Date. See "Business—Licenses, Approvals and Permits."

Nevertheless, there can be no assurance that we will be able to obtain and/or renew all of the approvals, licenses and permits required for our existing business operations upon expiration in a timely manner, or at all. If we fail to obtain or maintain any of the required licenses or approvals or make the necessary filings in any of the jurisdiction where we operate, we may be subject to penalties such as the imposition of fines and discontinuation or restriction of our operations. Any such penalties may disrupt our business operations and materially and adversely affect our business, results of operations and financial condition.

**Any failure to offer high-quality maintenance and support services for our customers may harm our relationships with them and, consequently, our business.**

As we continue to grow our customer base, we need to be able to continue to provide efficient customer support that meets our customer demand at scale. We may not be able to recruit or retain sufficient qualified support personnel with experiences in supporting customers of our solutions. As a result, we may be unable to quickly respond to accommodate short-term increases in customer demand for technical support or maintenance assistance. We also may be unable to modify the future scope of our maintenance services and technical support to compete with changes in the technical services provided by our competitors. Any failure to maintain high-quality maintenance and support services would harm our business. If we experience increased customer demand for support and maintenance, we may face increased costs that might harm our results of operations. If we are unable to provide efficient customer maintenance and support, our business may be harmed. Our ability to attract new customers is highly dependent on our business reputation and positive recommendations from our existing customers. Any failure to maintain high-quality maintenance and support services, or any market perception that we do not maintain high-quality maintenance and support services for our customers, would harm our business.

**Any significant cost overruns may materially and adversely affect our business, financial condition and results of operations.**

Cost overruns may stem from unexpected increases in the cost of materials or labor, or technological development challenges that were not anticipated, and can lead to a significant strain on our financial condition. As a result, our financial condition can be adversely affected as we may have to allocate more capital to cover these overruns, potentially leading to the increased debt. This can also affect our creditworthiness and our ability to secure future financing on favorable terms. There is no assurance that our actual costs incurred will not exceed the estimated costs, due to under-estimation of costs, excessive wastage, inefficiency, damage or unforeseen additional costs incurred during the course of our business. Any under-estimation of costs, delay or other circumstances resulting in cost overruns may adversely affect our profitability, business operation and financial performance.

**Any failure to comply with data privacy and security laws may adversely and materially impact our business, financial condition and results of operations.**

We are subject to various laws and regulations concerning data security and privacy. Recently, the governments worldwide have placed increasing emphasis on privacy and data protection regulations. The PRC government, in particular, has implemented a series of laws, regulations and policies to safeguard personal data.

For instance, on June 10, 2021, the Standing Committee of the National People's Congress promulgated the Data Security Law of the People's Republic of China (《中華人民共和國數據安全法》) (the "**Data Security Law**," effective since September 1, 2021). The Data Security Law sets out a number of obligations on data security and privacy undertaken by entities and individuals engaged in data-related activities. It also prohibits any individual or entity in China from providing data stored in China to foreign judicial or law enforcement departments without the approval of the competent authorities in China. Besides, the Measures on Security Assessment of Cross-border Data Transfer (《數據出境安全評估辦法》), which was promulgated by Cyberspace Administration of China on July 7, 2022 and became effective on September 1, 2022, stipulates the obligation that before applying for the security assessment of outbound data transfer, data processors shall conduct a self-assessment of the risks in the outbound data transfer. And on November 7, 2016, the Standing Committee of the National People's Congress promulgated the Cybersecurity Law of the People's Republic of China (《中華人民共和國網絡安全法》, effective since June 1, 2017), and pursuant to which, the CSRC is to advance the development of a socialized service system for cybersecurity, and encourage related businesses and institutions to carry out cybersecurity services such as certification, testing and risk assessment. According to the Measures for Cybersecurity Review (《網絡安全審查辦法》) jointly promulgated by the Cyberspace Administration of China (the "**CAC**"), the NDRC, the MIIT, the MPS, the Ministry of State Security (the "**MSS**"), the MOF, the MOFCOM, the PBOC, the SAMR, the National Radio and Television Administration (the "**NRTA**"), the CSRC, the National Administration of State Secrets Protection (the "**NASSP**") and the State Cryptography Administration (the "**SCA**") on December 28, 2021 and effective on February 15, 2022, entities meeting certain standards shall apply for a cybersecurity review. Meanwhile, the Network Data Security Management Regulations (Draft for Comments) (《網絡數據安全管理條例(徵求意見稿)》) and 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)》) further provide rules on network data security and automobile data process.

As such, our failure or perceived failure to comply with data privacy and security laws could lead to potential legal proceedings or actions initiated by government entities or other parties, which may materially and adversely impact our reputation, thereby harming our business, financial condition and results of operations.

**Our employees and business partners may engage in intentional or negligent misconduct, or violate our internal policies and laws, which could impair the quality of our solutions and service, cause us to lose customers or subject us to liabilities.**

We risk compromising the quality of our solutions if our employees and business partners, such as suppliers of raw materials and components, contract manufacturers and technical service providers, do not perform in accordance with our standards. We have internal policies and guidelines to monitor and ensure the solutions delivered to our customers are of satisfactory standard. In addition, we have adopted and strictly implemented a series of procedures designed to verify the integrity and qualifications of our employees before they are engaged, and of partners prior to any cooperation. However, there can be no assurance that such verification procedures will always be effective.

Nevertheless, we cannot guarantee that our employees and business partners will not engage in any intentional or negligent misconduct. Furthermore, we may be exposed to the risks of fraud or other unlawful activities committed by our employees and business partners. Fraud or other unlawful activities by our employees and business partners may include making unauthorized misrepresentation to our customers, misappropriating third-party intellectual property and other proprietary rights, misusing sensitive customer information and engaging in bribery or other unlawful payments. In any such event, we could incur liability to our customers or any other third parties.

Any claims could subject us to costly litigation and affect our financial condition, and may distract the attention of our management regardless of whether the claims have merit. Any claims could result in complaints from our customers or other third parties, regulatory or legal liabilities or damages to our reputation.

**We might experience work stoppage, labor shortage and other labor related matters, which may disrupt our normal operation and adversely affect our reputation and results of operations.**

We have implemented comprehensive policies and measures to protect the welfare and working conditions of our employees, including providing competitive remuneration packages, including salary and allowances, performance-based bonuses and long-term incentive programs, including but not limited to an employee stock ownership plan for managers, high-potential talent and key technical professionals. See "Business—Employees." Despite our best efforts, we cannot guarantee we will not face any labor-related issues, including labor disputes, strikes or the inability to attract and retain qualified workers, which may lead to work stoppages or labor shortages and significantly impact our ability to meet customer demands and fulfill orders within the expected time frames. Furthermore, such labor-related matters could incur addition costs associated with resolving labor disputes, hiring temporary workers or implementing contingent plans to mitigate the impact of labor shortages. These additional expenses, coupled with potential revenue losses from delayed deliveries, may negatively affect our profitability and overall results of operations.

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

PRC laws and regulations require us to participate in various employee benefit plans. These benefit plans include social insurance, housing provident fund and other welfare-oriented payment obligations. According to applicable PRC laws and regulations, employers must open social insurance registration accounts and housing provident fund accounts and pay social insurance premiums and housing provident fund contributions for employees. PRC laws require that we contribute to the plans in amounts equal to certain percentages of salaries, including bonus and allowances, of our employees up to the maximum amounts specified by the local government at locations where we operate our business. Local governments in China have not consistently implemented requirements regarding employee benefit plans.

During the Track Record Period, we did not make full social insurance and housing provident fund contributions for certain employees in accordance with the relevant PRC laws and regulations, and certain of our subsidiaries engaged third-party human resource agencies to pay social insurance premium and housing provident funds for certain of our employees in certain locations where they work. See "Business—Employees." As of the Latest Practicable Date, no competent government authorities imposed administrative actions, fines or penalties on us with respect to this incident or required us to settle the outstanding amount of social insurance payments and housing provident fund contributions. However, there can be no assurance that the competent government authorities will not require us to settle the outstanding amount within the specified time limit or impose late payment penalties on us, which may adversely affect our financial position and results of operations.

**We are subject to risks related to payment and defaults of customers.**

We are exposed to credit risk related to delay in payment and defaults of our various customers. As of December 31, 2021, 2022 and 2023 and June 30, 2024, our trade and notes receivables amounted to RMB100.9 million, RMB217.7 million, RMB333.6 million and RMB398.4 million, respectively. As of the same dates, we recorded the provision for impairment of trade and notes receivables of RMB4.4 million, RMB9.9 million, RMB13.9 million and RMB19.5 million, respectively. Our trade and notes receivables turnover days in 2021, 2022 and 2023 and the six months ended June 30, 2024 were 191 days, 217 days, 220 days and 294 days, respectively. See "Financial Information—Discussion of Certain Key Balance Sheet Items—Trade and Notes Receivables." We may not be able to collect all of our trade and notes receivables due to factors beyond our control, such as adverse operating conditions or financial conditions of our customers, and customers' inability to pay due to delays in payment from their own end users. If our customers delay or default on their payments to us, we may need to make impairment provisions and write off the relevant receivables. This would have a negative impact on our liquidity and financial condition.

**We are subject to various risks relating to third-party payment.**

During the Track Record Period, a few of our customers were unable to directly settle with us amounts owed to us in connection with their purchases of our solutions for varying reasons and had third parties make the relevant payments to us. In 2021, 2022 and 2023 and the six months ended June 30, 2024, such payments settled through third parties amounted to RMB0.2 million, RMB0.5 million, RMB0.5 million and RMB0.1 million, respectively. As of March 31, 2024, we have ceased such payment arrangements. Although such payments were made in accordance with normal commercial terms and were properly validated by relevant customers, as we have not entered into contractual relationships with such third-party payers, we are subject to risks relating to such third-party payment arrangements, including possible claims from third-party payers for the return of funds. If such claims arise, our results of operations and financial condition may be adversely affected.

**We are exposed to risks associated with the fair value change in financial assets at fair value through profit or loss and valuation uncertainty regarding the use of unobservable inputs.**

We had net fair value gains on financial assets at fair value through profit or loss ("FVPL"), which were primarily in relation to our investments in the structured deposits and wealth management products, of RMB2.7 million, RMB8.1 million, RMB3.8 million, RMB1.4 million and RMB2.4 million in 2021, 2022 and 2023 and the six months ended June 30, 2023 and 2024, respectively. As of December 31, 2021, 2022 and 2023 and June 30, 2024, we had financial assets at FVPL of RMB135.2 million, RMB44.6 million, RMB210.6 million and RMB120.9 million, respectively. See "Financial Information—Description of Key Components of Our Results of Operations—Other Gains—Net" and "Financial Information—Discussion of Certain Key Balance Sheet Items—Financial Assets at FVPL."

Our fair value of our financial assets at FVPL is estimated by using valuation techniques and on the basis of unobservable inputs. The use of unobservable inputs renders valuation uncertain, as changes of unobservable inputs such as expected rate of return may change the fair value of the financial asset. The fluctuation of our financial assets at FVPL may continue to affect our results of operations in the future. We cannot assure you that market conditions and regulatory environment will create fair value gains on the financial asset or we will not incur any fair value losses on our financial asset at FVPL in the future. If we incur such fair value losses, our results of operations, financial condition and prospects may be adversely affected. For fair value measurement of financial instruments, see Note 24 to the Accountant's Report in Appendix I to this prospectus.

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

To attract and retain talents and to provide incentives to our employees for our long-term development, we established three ESOP Holding Entities, namely Youjia Qingcheng, Youjia Zhongcheng and Youjia Licheng. See "Appendix VI—Statutory and General Information—D. Employee Incentive Scheme." We recorded share-based payment expenses of RMB8.8 million, RMB15.0 million, RMB22.4 million, RMB11.2 million and RMB15.3 million in 2021, 2022 and 2023 and the six months ended June 30, 2023 and 2024, respectively. We believe such share-based awards are important to our ability to attract, retain and motivate our key individuals, and we may continue to grant share-based awards in the future. As a result, our share-based payment expenses may increase, which may adversely affect our results of operations and financial condition. In addition, issuance of additional H Shares with respect to such share-based payments may dilute the shareholding of our Shareholders and could result in a decline in the value of our H Shares.

**Our operations are subject to seasonal fluctuations.**

Our revenue, cash flow and results of operations are affected by seasonal fluctuations in demand for our solutions, which are primarily driven by the seasonal nature of the automotive industry which influences our customer demands. For example, given our OEMs customers usually deliver more of their vehicle models towards the year end, it can have an impact on our delivery of our intelligent driving and intelligent cabin solutions in the fourth quarter of each year. As a result, our delivery of relevant solutions typically increase in the second half of the year. See "Business—Seasonality" and "Financial Information—Key Factors Affecting Our Results of Operations—Seasonality." As we believe that this pattern is likely to continue in the foreseeable future, quarterly comparisons of our operating results may not be useful and our results of operations in any particular period will not necessarily be indicative of the results of operations to be expected for any future period. If our growth rate declines or seasonal spending becomes more pronounced, seasonality could have a material impact on our revenue, cash flow and operating results from period to period.

**Our risk management and internal control systems may not be adequate or effective.**

We have developed and implemented comprehensive risk management and internal control policies that encompass various aspects of our business operations to supervise and address a spectrum of operational, financial, legal and market risks that may be or have been identified. While we seek to improve our risk management and internal control systems on a continuous basis, we cannot assure you that these systems are sufficiently effective. See "Business—Risk Management and Internal Control." Since our risk management and internal control systems depend on implementation by our employees, we cannot assure you that our employees or other related third parties are sufficiently or fully trained to implement these systems, or that their implementation will be free from human error or mistakes. If we fail to timely update, implement and modify, or fail to deploy sufficient human resources to maintain our risk management policies and procedures, our business, results of operations, financial condition and prospects could be materially and adversely affected.

**We may be involved in legal proceedings and disputes, which could materially and adversely affect our reputation, business, results of operations and financial condition.**

We may be involved in legal proceedings and commercial or contractual disputes in the ordinary course of our business. We cannot assure you that we will not be involved in various legal proceedings and other disputes in the future, which may expose us to additional risks and losses. In addition, we may have to pay legal costs associated with such disputes, including fees relating to appraisal, auction, execution and legal advisory services. Litigation and other disputes may lead to inquiries, investigations and proceedings by regulatory authorities and other governmental agencies and may result in damage to our reputation, additional operating costs and diversion of resources and management's attention from our core business. The disruption of our business due to judgment, arbitration and legal proceedings against us or adverse adjudications in proceedings against our Directors, senior management or key employees may materially and adversely affect our reputation, business, results of operations, financial condition and prospects.

**Changes in Environmental, Social and Governance (ESG) compliance requirements could have an adverse impact on our business, operating results and financial condition.**

With the rising awareness of ESG issues, including with respect to waste disposal, packaging waste, greenhouse gas emissions and environmental protection, more stringent laws and regulations that affect our business operations may be adopted. Accordingly, we may need to devote more effort and resources to ensure our compliance with such laws or regulations. We have adopted a series of measures aiming to ensure our compliance with the ESG-related laws and regulations applicable to us. See "Business—Environmental, Social and Governance." There can be no assurance that these measures can effectively help us to navigate the complex and evolving regulatory environment. Changes in existing ESG-related laws and regulations or the promulgation of new ESG-related laws and regulations may increase our compliance costs, and accordingly may have an adverse impact on our business, results of operations and financial performance.

**Our information technology networks and systems may encounter malfunction, unexpected system failure, interruption, insufficiency or security breaches which could materially and adversely affect our reputation, business and results of operations.**

We rely on information technology networks and systems for electronic communications among our personnel, customers, manufacturers and suppliers and for synchronization with our manufacturers and logistics providers on demand forecast, order placements and manufacturing and service status and capacity. These information technology systems, some of which are managed by third parties, may be susceptible to damage, disruptions or shutdowns due to failures during the process of upgrading or replacing software, databases or components, power outages, hardware failures, computer viruses, attacks by computer hackers, telecommunication failures, user errors or catastrophic events. If our information technology systems suffer damage, disruption or shutdown, we may incur substantial costs in repairing or replacing these systems. Failures in information technology systems, especially those related to automotive safety and associated data, could potentially lead to problems with our solutions, resulting in physical injuries or even fatalities to drivers, passengers and other individuals. If we do not effectively resolve the issues in a timely manner, our business, results of operations and financial condition may be materially and adversely affected, and we could experience delays in reporting our financial results.

**Our insurance coverage may not be sufficient to cover all losses or potential claims by our customers which would affect our business, results of operations and financial condition.**

We face various risks in connection with our business, and may lack adequate insurance coverage or have no relevant insurance coverage. As of the Latest Practicable Date, we had obtained and maintained insurance policies that we believe are customary for businesses of our size and type and in line with standard commercial practice in China. As of the Latest Practicable Date, we had not maintained product liability insurance, and do not carry any business interruption or litigation insurance. See "Business—Insurance." We cannot guarantee that a product liability claim or other litigation will not be brought against us in the future, or that we will be able to purchase product liability insurance or other related insurance on acceptable terms. If we were to incur substantial losses or liabilities due to fire, explosions, floods or other natural disasters, disruption in our network infrastructure, production facilities or business operations, or any material litigation, our results of operations could be materially and adversely affected. Our current insurance coverage may not be sufficient to prevent us from suffering any loss and there is no certainty that we will be able to successfully claim our losses under our current insurance policy on a timely basis, or at all. If we were held liable for uninsured losses or amounts and claims for insured losses exceeding the limits of our insurance coverage, our business, financial condition and results of operations may be materially and adversely affected.

**Our business may be materially and adversely affected by force majeure events, natural disasters or outbreaks of contagious diseases.**

Any future occurrence of force majeure events, natural disasters or outbreaks of epidemics and contagious diseases, including COVID-19 pandemic, avian influenza, severe acute respiratory syndrome, H1N1 influenza or Ebola virus, may materially and adversely affect our business, financial condition and results of operations. An outbreak of an epidemic or contagious disease could result in a widespread health crisis and restrict the level of business activities in affected areas, which may, in turn, materially and adversely affect our business. Moreover, natural disasters such as snowstorms, earthquakes, fires and floods can cause physical damage to our production facilities, equipment and inventory which could result in production delays, inventory shortages and obsolete, which could increase our impairment and costs for repairs and replacements. Additionally, these events can lead to power outages, communication interruptions and transportation disruptions, further hampering business operations.

## RISKS RELATING TO JURISDICTIONS WHERE WE OPERATE

**Changes in economic, political and social conditions, as well as government policies, laws and regulations, and industry practice guidelines in the jurisdictions where we operate could have a material and adverse effect on our business, financial condition, results of operations and prospects.**

Substantially all of our business, assets and operations are located in China. Accordingly, our business, financial condition and results of operations are subject to the economic, political, social and regulatory environment in the PRC.

During the past decades, the PRC government has taken various actions to promote the market economy and the establishment of sound corporate governance of business entities. Through strategically allocating resources, controlling the payment of foreign currency-denominated obligations, setting monetary policy and providing governmental policy support to particular industry or companies, it also exerts significant influence over China's economic growth.

Our performance has been and will continue to be affected by China's economy, which, in turn, is influenced by the global economy. The uncertainties relating to the global economy as well as the political environment in various regions of the world will continue to impact China's economic growth. There can be no assurance that we will be able to predict all the risks and uncertainties that we face in relation to current economic, political, social and regulatory developments, which might be beyond our control, and materially and adversely affect our business and operations as well as our financial performance.

**Changes in currency conversion policies may adversely affect the value of your investment.**

We may convert a portion of our revenue into other currencies to meet our foreign currency obligations, such as payments of operating costs and expenses and payments of dividends declared in respect of our H Shares, if any. Shortages in the availability of foreign currency may restrict our ability to remit sufficient foreign currency to pay dividends, or otherwise satisfy our foreign currency-denominated obligations. Under existing PRC foreign exchange regulations, the foreign exchange expenditure under the current items shall be paid by an institution with its self-owned foreign exchange upon valid documents or with the foreign exchange purchased from any financial institution operating the foreign exchange sale or settlement business in accordance with the administrative provisions of the foreign exchange administrative department of the State Council on the payment and purchase of foreign exchange. In addition, the foreign exchange expenditure under the capital items shall be paid by an institution with its self-owned foreign exchange upon valid documents or with the foreign exchange purchased from any financial institution operating the foreign exchange sale or settlement business in accordance with the administrative provisions of the foreign exchange administrative department of the State Council on the payment and purchase of foreign exchange. If the administrative provisions require the approval of a foreign exchange administrative organ, the approval must be obtained before making foreign exchange payments. According to relevant foreign exchange rules, where any material imbalance in international receipts and payments occurs or may occur, the PRC government may implement necessary safeguards and other measures. There can be no assurance that regulations regarding the remittance of RMB into or out of the PRC will not change in the future.

**Holders of our H Shares may be subject to income tax obligations in China.**

Under the current tax laws and regulations in China, non-Chinese resident individuals and non-Chinese resident enterprises are subject to different tax obligations with respect to the dividends paid to them by us and the gains realized upon the sale or other disposition of our H Shares.

Non-Chinese resident individuals are required to pay individual income tax at a rate of 20% under IIT law for the interests, dividends and bonuses they obtain from China. Accordingly, we are required to withhold such tax from dividend payments, unless applicable tax treaties between China and the jurisdiction in which the foreign individual resides reduce or provide an exemption for the relevant tax obligations. Generally, in accordance with the

Notice on Matters Concerning the Levy and Administration of Individual Income Tax After the Repeal of Guo Shui Fa [1993] No. 045 issued by the SAT (《國家稅務總局關於國稅發[1993]045號文件廢止後有關個人所得稅徵管問題的通知》), when a tax rate of 10% is not applicable, the withholding company shall: (i) return the excess tax amount pursuant to due procedures if the applicable tax rate is lower than 10%; (ii) withhold such foreign individual income tax at the effective tax rate agreed on if the applicable tax rate is between 10% and 20%; or (iii) withhold such foreign individual income tax at a rate of 20% if no taxation treaty is applicable.

For non Chinese-resident enterprises that do not have establishments or premises in China, and for those who have establishments or premises in China but whose income is not related to such establishments or premises under the EIT law, dividends paid by us and gains realized by such foreign enterprises upon the sale or other disposition of Shares are ordinarily subject to China enterprise income tax at a rate of 20%. In accordance with the Circular on Issues Relating to the Withholding of Enterprise Income Tax by Chinese Resident Enterprises on Dividends Paid to Overseas Non-Chinese Resident Enterprise Shareholders of H Shares (《關於中國居民企業向境外H股非居民企業股東派發股息代扣代繳企業所得稅有關問題的通知》) issued by the SAT, such tax rate has been reduced to 10%.

If there is any change to applicable tax laws and regulations or in the interpretation or application of such laws and regulations, the value of your investment in our H Shares may be materially affected.

**Payment of dividends is subject to laws and regulations in regions where we operate.**

Under the PRC laws, dividends may be paid only out of distributable profits. Our distributable profits represent our distributable net profits less appropriations to statutory surplus reserve, general reserve, and discretionary surplus reserve (as approved by our Shareholders' meeting). Our distributable net profit represents the lowest of (i) our net profit attributable to our equity holders for a period plus distributable profits or net of accumulated losses, if any, at the beginning of such period, as determined under PRC GAAP, and (ii) our net profit attributable to our equity holders for the period plus distributable profits or net of accumulated losses, if any, at the beginning of such period, as determined under IFRS Accounting Standards. As a result, we may not have sufficient distributable profits to make dividend distributions to our Shareholders in the future, including in respect of periods where we register an accounting profit. Any distributable profits that are not distributed in a given year are retained and available for distribution in subsequent years.

**Investors may experience difficulties in effecting service of legal process and enforcing judgments against us and our Directors, Supervisors and management.**

Substantially all of our assets are located in China and the majority of our executive Directors and senior management reside in China. Therefore, it may be difficult for investors to directly effect service of legal process within Hong Kong or elsewhere outside of China upon us or our Directors or senior management.

On July 14, 2006, China and Hong Kong 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 Pursuant to Choice of Court Agreements between Parties Concerned (《最高人民法院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》) ("**Arrangement**"), which came into effect on August 1, 2008. Pursuant to the Arrangement, a party with an enforceable final court judgment rendered by any designated Mainland court or any designated Hong Kong Special Administrative Region court requiring payment of money in a civil and commercial case according to a choice of court agreement in writing may apply for recognition and enforcement of the judgment in the relevant Mainland court or Hong Kong Special Administrative Region court. Similarly, a party with an enforceable final judgment rendered by a Mainland 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 such 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 Arrangement, in which a Hong Kong Special Administrative Region court or a Mainland court is expressly identified as the court having sole jurisdiction for the dispute. Therefore, it may not be possible to enforce a Hong Kong Special Administrative Region court's verdict in the PRC if the parties to the dispute did not agree to a written choice of court agreement. On January 18, 2019, the Supreme People's Court of the PRC and Hong Kong Department of Justice 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 (《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 "**New Arrangement**"), which seeks to establish a bilateral legal mechanism that provides clarity and certainty for the recognition and enforcement of judgments in a wider range of civil and commercial matters between Hong Kong and mainland China, based on criteria other than a written choice of court agreement. The Arrangement was superseded upon the effectiveness of the New Arrangement on January 29, 2024 but remained applicable to a "written choice of court agreement" entered into before the New Arrangement taking effect. However, there can be no assurance that all final judgments will be recognized and effectively enforced by the relevant courts.

## RISKS RELATING TO THE GLOBAL OFFERING

### No public market currently exists for our H Shares, and an active trading market for our H Shares may not develop or be sustained.

Prior to completion of the Global Offering, there has been no public market for our H Shares. We have applied to the Stock Exchange for the listing of, and permission to deal in, our H Shares. However, there can be no assurance that an active trading market for our H Shares will develop or be sustained after completion of the Global Offering. Pursuant to applicable PRC laws, all of the Shares in issue as of the date of this prospectus will be subject to a lock-up period of one year from the Listing Date. If an active public market for our H Shares does not develop following completion of the Global Offering, the market price and liquidity of our H Shares could be materially and adversely affected. 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 differ significantly from the market price at which our H Shares will be traded following completion of the Global Offering. The market price of our H Shares may drop below the Offer Price at any time after completion of the Global Offering.

**A future or perceived significant increase in the supply of our H Shares in public markets could cause the market price of our H Shares to decrease significantly, and dilute shareholdings of holders of H Shares.**

The market price of our H Shares could decline as a result of future sales of a substantial number of our H Shares or other securities relating to our H Shares in the public market, or the issuance of new shares or other securities, or the perception that such sales or issuances may occur. Future sales, or anticipated sales, of substantial amounts of our securities, including any future offerings, could also materially and adversely affect our ability to raise capital at a specific time and on terms favorable to us. In addition, our Shareholders may experience dilution in their holdings if we issue more securities in the future. New shares or shares-linked securities issued by us may also confer rights and privileges that take priority over those conferred by the H Shares.

**Our future financing may cause dilution of your shareholding or place restrictions on our operations.**

In order to raise capital and expand our business, we may consider offering and issuing additional Shares or other securities convertible into or exchangeable for our Shares in the future other than on a pro rata basis to our then existing Shareholders. As a result, the shareholdings of those Shareholders may experience dilution in net asset value per Share. If additional funds are to be raised through debt financing, certain restrictions may be imposed on our operations, which may further limit our ability or discretion to pay dividends, increase our risks in adverse economic conditions, adversely affect our cash flows or limit our flexibility in business development and strategic plans.

**We cannot assure you whether and when we will declare and pay dividends in the future.**

Distribution of dividends shall be formulated by our Board of Directors at their discretion and may be subject to Shareholders' approval. A decision to declare or to pay any dividends and the amount of any dividends will depend on various factors, including but not limited to our results of operations, cash flows and financial conditions, operating and capital expenditure requirements, distributable profits as determined under IFRS, our Articles of Association, market conditions, our strategic plans and prospects for business development, contractual limits and obligations, payment of dividends to us by our operating subsidiaries, taxation and any other factor determined by our Board of Directors from time to time as being relevant to the declaration of dividend payments. As a result, our historical dividend distributions are not indicative of our future dividend distribution policy. There can be no assurance whether, when and in what form we will pay dividends in the future or that we will pay dividends in accordance with our dividend policy. See "Financial Information — Dividend."

**Because the Offer Price per Share is higher than the net tangible book value per Share, purchasers of our H Shares in the Global Offering will experience immediate dilution.**

The Offer Price of our H Shares is higher than the net tangible book value per Share immediately prior to the Global Offering. Therefore, purchasers of our H Shares in the Global Offering will experience an immediate dilution. Existing Shareholders will receive an increase in the pro forma adjusted consolidated net tangible assets value per share of their shares. See Unaudited Pro Forma Financial Information in Appendix II to this prospectus for details.

**Any possible conversion of Domestic Shares into H Shares could increase the supply of H Shares in the market, which may negatively impact the market price of H Shares.**

According to the stipulations by the State Council's securities regulatory authority and the Articles of Association, our Domestic Shares may be converted into H Shares and such converted H Shares may be listed or traded on an overseas stock exchange, provided that prior to the conversion and trading of such converted shares, the requisite internal approval processes (but without the necessity of Shareholders' approval) have been duly completed and the filing with the CSRC has been completed. In addition, such conversion, trading and listing must comply with the regulations prescribed by the State Council's securities regulatory authorities and the regulations, requirements and procedures prescribed by the relevant overseas stock exchange. We can apply for the listing of all or any portion of our Domestic Shares on the Hong Kong Stock Exchange as H Shares in advance of any proposed conversion to ensure that the conversion process can be completed promptly upon notice to the Hong Kong Stock Exchange and delivery of shares for entry on the H Share register. This could increase the supply of H Shares in the market, and any future sales, or perceived sales, of the converted H Shares may adversely affect the trading price of H Shares.

**Certain facts, forecasts and statistics derived from official government sources contained in this Prospectus may not be reliable and the market opportunity estimates may not be accurate.**

We have derived certain facts and other statistics in this Prospectus, particularly those relating to the general economy, digital payment, e-commerce and financial services industry, from information provided by official government sources and other third-party sources. We have not independently verified information and statistics from official government sources, and there can be no assurance as to the accuracy and reliability of such facts and statistics. Due to possibly flawed or ineffective collection methods or discrepancies between published information and market practice and other data problems, the statistics herein may be inaccurate. You should consider carefully how much weight or importance you should attach to or place on such facts or statistics.

Market opportunity estimates included in this Prospectus, including our ability to capture a meaningful share of the relevant markets, are subject to significant uncertainty and are based on assumptions and estimates that may not prove to be accurate. The variables that go into the calculation of our market opportunity are subject to change over time, and there can be no assurance that our market opportunity estimates will materialize as anticipated. Any expansion in our market depends on a number of factors, including the cost, performance and perceived value associated with our business and those of our competitors. Even if the market in which we compete meets the size estimates and growth forecasted in this Prospectus, our business could fail to grow at similar rates, if at all. Our growth is subject to many factors, including our success in implementing our business strategy, which is inherently subject to certain risks and uncertainties.

**Forward-looking statements contained in this prospectus are subject to risks and uncertainties.**

This document contains certain statements and information that are forward-looking and uses forward-looking terminology such as "anticipate," "believe," "could," "going forward," "intend," "plan," "project," "seek," "expect," "may," "ought to," "should," "would" or "will" and similar expressions. You are cautioned that reliance on any forward-looking statement involves risks and uncertainties and that any or all of those assumptions could prove to be inaccurate and as a result, the forward-looking statements based on those assumptions could also be incorrect. In light of these and other risks and uncertainties, the inclusion of forward-looking statements in this document should not be regarded as representations or warranties by us that our plans and objectives will be achieved, and these forward-looking statements should be considered in light of various important factors, including those set forth in this section. Subject to the requirements of the Listing Rules, we do not intend publicly to update or otherwise revise the forward-looking statements in this Prospectus, whether as a result of new information, future events or otherwise. Accordingly, you should not place undue reliance on any forward-looking information. All forward-looking statements in this Prospectus are qualified by reference to this cautionary statement.

**Investors should read the entire prospectus carefully and should not consider any particular statements in this prospectus or in published media reports without carefully considering the risks and other information contained in this prospectus.**

The Global Offering is being made solely on the basis of the information and representations contained in this Prospectus, which are true and accurate to the best of our knowledge and belief. Any information not contained in this Prospectus should not be relied upon in making an investment decision with respect to the securities being offered.

Prior to the publication of this Prospectus, there has been coverage in the media regarding us and the Global Offering, which may have contained among other things, certain financial information, projections, valuations and other forward-looking information about us and the Global Offering. Investors should be aware that information and opinions published by third-party sources may have been based on outdated, incomplete, or inaccurate information. These sources may also have conflicts of interest, and their opinions may not be independent or objective. The media's coverage of our Company and the Global Offering may be influenced by a wide range of factors, including the bias of individual journalists, the preferences of media outlets and the demands of advertisers.

In preparation for the Listing, we have sought the following waivers from strict compliance with certain provisions of the Listing Rules.

## 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. This normally means that at least two of our executive Directors must be ordinarily resident in Hong Kong. Rule 19A.15 of the Listing Rules further provides that the requirement in Rule 8.12 of the Listing Rules may be waived by having regard to, among other considerations, the applicant's arrangements for maintaining regular communication with the Stock Exchange.

Our principal business operations are primarily located, managed and conducted in the PRC and will continue to be based in the PRC, and our Company's head office is located in Shenzhen, the PRC. Our executive Directors and senior management members ordinarily reside in the PRC and play important roles in our business operations, principally responsible for the overall management, corporate strategy, planning, business development and control of our Group's business, it is important for them to remain in close proximity to our Group's operations located in the PRC. We consider that it would be practically difficult and commercially unreasonable for us to arrange for two executive Directors to be ordinarily resident in Hong Kong, either by relocation of our existing executive Directors or by appointment of additional executive Directors. 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 requirements under Rule 8.12 of the Listing Rules.

Accordingly, pursuant to Rule 19A.15 of the Listing Rules, we have applied to the Stock Exchange for, and the Stock Exchange has granted us, a waiver from strict compliance with the requirements set out in Rule 8.12 of the Listing Rules subject to the following conditions:

(i) we have appointed Dr. Liu Guoqing (劉國清) and Ms. Lam Wing Chi (林穎芝) as the authorized representatives of our Company (the "**Authorized Representatives**") for purpose of Rule 3.05 of the Listing Rules. The Authorized Representatives will act as our Company's principal channel of communication with the Stock Exchange and will be readily contactable by phone, facsimile and email to deal promptly with enquiries from the Stock Exchange. Our Company will provide contact details of the Authorized Representatives to the Stock Exchange and will inform the Stock Exchange as soon as practicable in respect of any changes in Authorized Representatives. Accordingly, our Authorized Representatives will be able to meet with the relevant members of the Stock Exchange to discuss any matters in relation to our Company within a reasonable period of time. See "Directors, Supervisors and Senior Management" for further biographical details of our Authorized Representatives;

(ii) to facilitate communication with the Stock Exchange, we have provided our Authorized Representatives and the Stock Exchange with the contact details (including mobile phone number, office phone number and/or email address) of each of our 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 our Directors;

(iii) to the best of our knowledge and information, each Director who is not ordinarily resident in Hong Kong possesses or can apply for valid travel documents to visit Hong Kong and can meet with the Stock Exchange within a reasonable period upon request by the Stock Exchange; and

(iv) our Company has appointed SBI China Capital Hong Kong Securities Limited as our Compliance Advisor with effect from the Listing in accordance with Rule 3A.19 of the Listing Rules. The Compliance Advisor will, among other things and in addition to the Authorized Representatives, provide us with professional advice on continuing obligations under the Listing Rules and act as additional channel of communication of the Company with the Stock Exchange during the period from the Listing Date to the date on which the Company complies with Rule 13.46 of the Listing Rules in respect of our financial results for the first full financial year immediately after the Listing. The Compliance Advisor will act as the additional and alternative channel of communication with the Stock Exchange when the Authorized Representatives are not available and its representatives will be readily available to answer enquiries from the Stock Exchange.

## WAIVER IN RESPECT OF APPOINTMENT OF JOINT COMPANY SECRETARIES

Pursuant to Rules 3.28 and 8.17 of the Listing Rules, we must appoint a company secretary 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 the 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:

(i) a member of The Hong Kong Chartered Governance Institute;

(ii) a solicitor or barrister (as defined in the Legal Practitioners Ordinance (Chapter 159 of the Laws of Hong Kong)); and

(iii) 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, the Stock Exchange will consider the following factors in assessing the individual's "relevant experience":

(i) length of employment with the issuer and other issuers and the roles he/she played;

(ii) familiarity with the Listing Rules and other relevant law and regulations including the Securities and Futures Ordinance, the Companies Ordinance, the Companies (Winding Up and Miscellaneous Provisions) Ordinance and the Takeovers Code;

(iii) relevant training taken and/or to be taken in addition to the minimum requirement under Rule 3.29 of the Listing Rules; and

(iv) professional qualifications in other jurisdictions.

Pursuant to Chapter 3.10 of the Guide for New Listing Applicants, the waiver under Rule 3.28 of the Listing Rules will be granted for a fixed period of time but in any event not exceeding three years from the date of listing and on the following conditions: (i) the relevant company secretary must be assisted by a person who possesses the qualifications or experience as required under Rule 3.28 of the Listing Rules and is appointed as joint company secretary throughout the waiver period; and (ii) the waiver can be revoked in the event of a material breach of the Listing Rules by the Company.

We have appointed Mr. Wen Qi (聞奇) ("**Mr. Wen**") and Ms. Lam Wing Chi (林穎芝) ("**Ms. Lam**") as the joint company secretaries of our Company. Mr. Wen has served as the chief financial officer and Board secretary of our Company since December 2020, and has been responsible for overseeing financial, taxation and board secretarial affairs of the Group since then. Through such experiences, Mr. Wen has acquired extensive expertise in handling corporate governance and administrative matters. See "Directors, Supervisors and Senior Management" for further biographical details of Mr. Wen and Ms. Lam. By virtue of Mr. Wen's substantial experience in corporate governance and finance matters and his experience and familiarity with our Group, we believe that he is capable of discharging the duties as one of the joint company secretaries and is suitable to act in this capacity. See "Directors, Supervisors and Senior Management" for further biographical details of Mr. Wen and Ms. Lam. Furthermore, given that the key operations of our Group are located in the PRC, we believe that it would be in the interest of our Company and our corporate governance to have Mr. Wen, who possesses the relevant background and experience in the PRC, to act as our joint company secretary.

Accordingly, while Mr. Wen personally does not possess the formal 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 us with, a waiver from strict compliance with the requirements under Rules 3.28 and 8.17 of the Listing Rules such that Mr. Wen will act as our joint company secretary. The waiver has been granted for a three-year period commencing from the Listing Date (the "**Waiver Period**"), on the condition that:

(i) Mr. Wen will endeavor to attend relevant training courses to enhance his knowledge of the Listing Rules during the Waiver Period, and comply with the annual professional training requirement under Rule 3.29 of the Listing Rules;

(ii) Ms. Lam, as a joint company secretary of our Company, will provide assistance to, and work closely with, Mr. Wen in the discharge of his duties and responsibilities as our company secretary during the Waiver Period;

(iii) Ms. Lam is suitably qualified to render assistance to Mr. Wen so as to enable him to acquire the relevant experience (as required under Rule 3.28 of the Listing Rules) during the Waiver Period; and

(iv) such waiver will be revoked if there are material breaches of the Listing Rules by the Company.

Accordingly, we have applied to the Stock Exchange for, and the Stock Exchange has granted us with, a waiver from strict compliance with Rule 3.28 and 8.17 of the Listing Rules. Such waiver will be revoked immediately if and when Ms. Lam ceases to provide assistance to Mr. Wen or there are material breaches of the Listing Rules by our Company. At the expiry of the Waiver Period, the qualifications and experience of Mr. Wen and the need for on-going assistance from Ms. Lam will be evaluated by our Company. Our Company will liaise with the Stock Exchange to enable it to assess whether, having benefited from the assistance of Ms. Lam for the preceding three years, Mr. Wen 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 duties of a company secretary so that a further partial waiver will not be necessary.

## WAIVER IN RESPECT OF SUBSCRIPTION OF OFFER SHARES BY EXISTING SHAREHOLDER

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 any 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) of the Listing Rules are fulfilled.

The conditions in Rules 10.03(1) and (2) of the Listing Rules are as follows: (i) no securities are offered to the existing shareholders on a preferential basis and no preferential treatment is given to them in the allocation of the securities; and (ii) 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 provides that, unless with the prior written consent of the Stock Exchange, no allocations will be permitted to directors or existing shareholders of the applicant or their close associates, whether in their own names or through nominees unless the conditions set out in Rules 10.03 and 10.04 of the Listing Rules are fulfilled.

Chapter 4.15 of the Guide for New Listing Applicants (**"Guide"**) sets out the basis and conditions for the Stock Exchange to grant a consent and waiver from Rule 10.04 to placing to existing shareholders. It also provides that placings to cornerstone investors are generally permitted based on the principles listed therein. Furthermore, paragraph 15(ii) of Chapter 4.15 of the Guide provides that the Stock Exchange will generally not presume that there is preferential treatment, and the fulfilment of the existing shareholders conditions (as defined in the Guide) is not required, for existing shareholders purchasing securities pursuant to an anti-dilution provision.

KCH International Investment Limited was held as to 70% and 30% by Tianjin Kangchengheng Enterprise Management Consultation Partnership (Limited Partnership) (天津市康成亨企業管理諮詢合夥企業(有限合夥)) ("**Tianjin KCH**") and Fortuna Capital Management ("**Fortuna Capital**"), respectively, as at the Latest Practicable Date.

Tianjin KCH was in turn held as to (i) 1% by its general partner, Kangchengheng and (ii) as to 99% by its limited partner, Zhuji Kangchengheng Huiying Investment Partnership (Limited Partnership) (諸暨康成亨匯英創業投資合夥企業(有限合夥)), respectively, as at the Latest Practicable Date. Zhuji Kangchengheng Huiying Investment Partnership (Limited Partnership) was held as to (i) 1% by its general partner, Kangchengheng and (ii) 99% its limited partner, Zhuji Economic Development and Financing Investment Co., Ltd. (諸暨經開創融投資有限公司), which was ultimately controlled by Zhuji Municipal Finance Bureau (諸暨市財政局), respectively, as at the Latest Practicable Date. Therefore, KCH International Investment Limited is a close associate of Kangchengheng. Fortuna Capital is a company incorporated in the British Virgin Islands in November 2023, and is principally engaged in equity investment, including primary and secondary equity markets in Hong Kong and the U.S., with a focus in the technology, consumer and healthcare sectors. Its ultimate beneficial owner is YANG Dehui (楊德會), who is an Independent Third Party. Fortuna Capital holds a minority stake and is a passive investor in KCH International Investment Limited. As Fortuna Capital does not control any controlling stake or the board of directors of KCH International Investment Limited, it has no decision-making power in respect of the actions taken by KCH International Investment Limited. As at the Latest Practicable Date, KCH International Investment Limited was ultimately controlled by Kangchengheng, see "History, Development and Corporate Structure–Pre-IPO Investments–Information about our Major Pre-IPO Investors–9. Kangchengheng" in this prospectus for details of Kangchengheng. Save as disclosed above, KCH International Investment Limited is not a close associate of any other existing shareholders of the Company. Kangchengheng will become a substantial shareholder of the Company upon completion of the Global Offering. Given that KCH International Investment Limited is a close associate of Kangchengheng, the participation of KCH International Investment Limited in the Global Offering is therefore subject to a waiver from strict compliance with Rule 10.04 of the Listing Rules and a written consent from the Stock Exchange in accordance with Paragraph 5(2) of Appendix F1 to the Listing Rules.

We have applied to the Stock Exchange for a waiver from strict compliance with Rule 10.04 of the Listing Rules and sought a written consent from the Stock Exchange under paragraph 5(2) of Appendix F1 to the Listing Rules, and the Stock Exchange has granted us such waiver and consent to permit us to allocate the Offer Shares in the placing tranche to KCH International Investment Limited as a cornerstone investor, on the following grounds which are consistent with the conditions as set out in Chapter 4.15 of the Guide:

(a) Kangchengheng, in aggregate, hold less than 5% of the Company's voting rights prior to the completion of the Global Offering.

(b) Neither of Kangchengheng nor KCH International Investment Limited is a core connected person (as defined under the Listing Rules) of the Company or any close associate (as defined under the Listing Rules) of any such core connected person immediately prior to the completion of the Global Offering.

(c) Kangchengheng does not have the power to appoint Directors of the Company or any other special rights which entitle it to influence and control the Company before and after Listing.

(d) The allocation to KCH International Investment Limited will not affect the Company's ability to satisfy the public float requirement under Rule 8.08 of the Listing Rules.

(e) Details of the allocation to KCH International Investment Limited will be disclosed in this prospectus and/or the Company's allotment results announcement.

(f) The Offer Shares to be subscribed by and allocated to KCH International Investment Limited under the Global Offering will be at the same Offer Price and on substantially the same terms as the other cornerstone investor.

(g) The Joint Sponsors confirm to the Stock Exchange in writing that (i) Kangchengheng holds less than 5% of the voting rights in the Company immediately before the completion of the Global Offering, holding currently approximately 4.01% of the voting rights of the Company; (ii) Kangchengheng is not a core connected person of the Company nor a close associate of a core connected person before the Listing; (iii) Kangchengheng does not have the power to appoint directors or any other special rights upon Listing; (iv) the allocation of Shares to KCH International Investment Limited will not affect the Company's ability to satisfy the public float requirement of Rule 8.08 of the Listing Rules; and (v) based on the Joint Sponsors' discussions with the Company and the Overall Coordinators, the Joint Sponsors have no reason to believe that KCH International Investment Limited will receive any preferential treatment in the allocation of the Global Offering as a cornerstone investor by virtue of its relationship with the Company other than the preferential treatment of assured entitlement under the cornerstone investment to

KCH International Investment Limited following the principles set out in Chapter 4.15 of the Guide, and details of the allocation will be disclosed in this prospectus and allotment results announcement.

(h) The Overall Coordinators confirm to the Stock Exchange in writing that to the best of their knowledge and belief, that no preferential treatment has been, nor will be, given to Kangchengheng or KCH International Investment Limited by virtue of their relationship with the Company in any allocation in the placing tranche of the Global Offering.

(i) The Company confirms to the Stock Exchange in writing that (1) the cornerstone investment agreement does not contain any material term which is more favourable to Kangchengheng or KCH International Investment Limited than those in other cornerstone investment agreements (if any); and (2) save for the assured entitlement for KCH International Investment Limited as provided under the Cornerstone Investment Agreement, no preferential treatment has been, nor will be, given to Kangchengheng or KCH International Investment Limited by virtue of their relationship with the Company in any allocation in the placing tranche of 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 enquiries, 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 this prospectus or any statement herein misleading.

## CSRC FILING

The CSRC accepted the Company's filing application on June 6, 2024, and issued the filing notice on October 28, 2024 in respect of the Global Offering and the application for listing of our H Shares on the Stock Exchange. No other approvals under the PRC laws and regulations are required to be obtained for the listing of the H Shares on the Stock Exchange.

## INFORMATION ABOUT THE GLOBAL OFFERING

This prospectus is published solely in connection with the Hong Kong Public Offering, which form part of the Global Offering. For applicants under the Hong Kong Public Offering, this prospectus contains the terms and conditions of the Hong Kong Public Offering. See "How to Apply for the Hong Kong Offer Shares" for details of the procedures for applying for the Hong Kong Offer Shares. The Global Offering comprises the Hong Kong Public Offering of initially 3,919,000 Offer Shares and the International Placing of initially 35,271,000 Offer Shares (subject to reallocation on the basis as set out in the section headed "Structure of the Global Offering") and, in case of the International Placing, any exercise of the Over-allotment Option.

The Hong Kong Offer Shares are offered solely on the basis of the information contained and representations made in this prospectus and on the terms and conditions set out herein and therein. No person has been authorized to give any information or make any representations other than those contained in this prospectus and, if given or made, such information or representations must not be relied on as having been authorized by us, the Joint Sponsors, the Sponsor-OC, the Overall Coordinators, the Joint Global Coordinators, the Joint Bookrunners, the Joint Lead Managers, the Underwriters, the Capital Market Intermediaries, any of our or their affiliates or any of their respective directors, officers, employees or agents or any other person or party involved in the Global Offering. Neither the delivery of this prospectus nor any offering, sale or delivery made in connection with our H Shares shall, 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 in this prospectus is correct as of any subsequent time.

## STRUCTURE OF THE GLOBAL OFFERING AND UNDERWRITING

See "Structure of the Global Offering" for details of the structure of the Global Offering, including its conditions and the arrangements relating to the Over-allotment Option and stabilization.

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 pursuant to the Hong Kong Underwriting Agreement. The International Underwriting Agreement relating to the International Placing is expected to be entered into on or around the Price Determination Date, subject to agreement on the Offer Price between the Overall Coordinators (for themselves and on behalf of the Underwriters and the Capital Market Intermediaries) and us. The Global Offering is managed by the Sponsor-OC and the Overall Coordinators. If, for any reason, the Offer Price is not agreed, the Global Offering will not proceed and will lapse. See "Underwriting" for details of the Underwriters and the underwriting arrangements.

## RESTRICTIONS ON OFFER OF THE OFFER SHARES

Each person acquiring the Hong Kong Offer Shares under the Hong Kong Public Offering will be required to confirm, and is deemed by his acquisition of Hong Kong Offer Shares to have confirmed, that he is aware of the restrictions on offers of the Offer Shares described in this prospectus and that he is not acquiring, and has not been offered, any Offer Shares in circumstances that contravene any such restrictions.

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. Accordingly, without limitation to the following, 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 securities laws of such jurisdiction pursuant to registration with or an authorization by the relevant securities regulatory authorities or an exemption therefrom. In particular, the Offer Shares have not been publicly offered and sold, and will not be offered or sold, directly or indirectly in the PRC or the United States.

## APPLICATION FOR LISTING ON THE STOCK EXCHANGE

Our Company has applied to the Stock Exchange for the granting of the listing of and permission to deal in the H Shares to be issued pursuant to the Global Offering (including the additional H Shares which may be issued pursuant to the exercise of the Over-allotment Option) and our H Shares to be converted from our Unlisted Shares. Dealings in the H Shares on the Hong Kong Stock Exchange are expected to commence on Friday, December 27, 2024.

Save as disclosed in this prospectus, no part of our share capital 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 Offer Shares will be registered on our H Share Registrar in order to enable them to be traded on the Stock Exchange.

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 H 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 or on behalf of the Stock Exchange.

## H SHARES WILL BE ELIGIBLE FOR ADMISSION INTO CCASS

Subject to the Hong Kong Stock Exchange granting the listing of, and permission to deal in, our H Shares on the Hong Kong Stock Exchange and we complying with the stock admission requirements of HKSCC, our H 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 as determined by HKSCC.

Settlement of transactions between participants of the Stock Exchange is required to take place in CCASS on the second settlement day after any trading day. All necessary arrangements have been made for the H Shares to be admitted into CCASS. All activities under CCASS are subject to the general rules of HKSCC and HKSCC Operational Procedures in effect from time to time. You should seek the advice of your stockbroker or other professional adviser for details of those settlement arrangements as such arrangements will affect your rights and interests.

## H SHARE REGISTER AND STAMP DUTY

All H Shares issued by us pursuant to applications made in the Hong Kong Public Offering will be registered on our H share register to be maintained by our H Share Registrar, Tricor Investor Services Limited, in Hong Kong. Our principal register of members will be maintained by us at our head office in the PRC.

Dealings in the H Shares registered on our H share register in Hong Kong will be subject to Hong Kong stamp duty. See "Appendix III — Taxation and Foreign Exchange."

## PROFESSIONAL TAX ADVICE RECOMMENDED

Potential investors in the Global Offering are recommended to consult their professional advisers if they are in any doubt as to the taxation implications of subscribing for, purchasing, holding, disposing of, dealing in or exercising any rights in relation to, the H Shares. None of us, the Joint Sponsors, the Sponsor-OC, the Overall Coordinators, the Joint Global Coordinators, the Joint Bookrunners, the Joint Lead Managers, the Underwriters, the Capital Market Intermediaries, any of our or their affiliates or any of their respective directors, officers, employees or agents 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 for, purchase, holding, disposition of, dealing in, or exercising any rights in relation to, the H Shares.

## REGISTRATION OF SUBSCRIPTION, PURCHASE AND TRANSFER OF H SHARES

We have instructed Tricor Investor Services Limited, our H Share Registrar, and it has agreed, not to register the subscription, purchase or transfer of any H Shares in the name of any particular holder unless and until the holder delivers a signed form to our H Share Registrar in respect of those H Shares bearing statements to the effect that the holder:

(i) agrees with us, for ourselves and for the benefit of each Shareholder, and we agree with each Shareholder, to observe and comply with the Company Law, the Companies Ordinance, the Companies (Winding Up and Miscellaneous Provisions) Ordinance, the Special Regulations, and the Articles of Association;

(ii) agrees with us, for ourselves and for the benefit of each Shareholder and each of our Directors, Supervisors, managers and other senior officers, and we, acting for ourselves and on behalf of each Shareholder and each of our Directors, Supervisors, managers and senior officers, agree with each Shareholder to refer all differences and claims arising from the Articles of Association or any rights or obligations conferred or imposed by the Company Law or other relevant laws and administrative regulations concerning the affairs of the Company to arbitration in accordance with the Articles of Association, and that the arbitration tribunal may conduct hearings in open sessions and to publish its award, which shall be final and conclusive. See "Appendix V—Summary of the Articles of Association";

(iii) agrees with us, for ourselves and for the benefit of each Shareholder that the H Shares are freely transferable by their holders; and

(iv) authorizes us to enter into a contract on his behalf with each of our Directors, Supervisors and senior officers whereby each such Director, Supervisor and senior officer undertakes to observe and comply with his obligations to our Shareholders as stipulated in the Articles of Association. Persons applying for or purchasing H Shares under the Global Offering are deemed, by their making an application or purchase, to have represented that they are not close associates (as defined in the Listing Rules) of any of the Directors, Supervisors or an existing Shareholder of our Company or a nominee of any of the foregoing.

## DIVIDENDS PAYABLE TO HOLDERS OF H SHARES

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

## EXCHANGE RATE CONVERSION

Solely for your convenience, this prospectus contains translations of certain RMB amounts into Hong Kong dollars at a specified rate. Unless we indicate otherwise, the translations of RMB into Hong Kong dollars and vice versa have been made at the rate of HK$1.00 to RMB0.93252 in this prospectus.

No representation is made that any amount in RMB or Hong Kong dollars can be or could be, or have been, converted at the above rate or any other rate or at all.

See "Appendix III—Taxation and Foreign Exchange" for further details on exchange rates.

## LANGUAGE

If there is any inconsistency between this prospectus and its Chinese translation, this prospectus shall prevail. For ease of reference, the names of Chinese laws and regulations, governmental authorities, institutions, natural persons or other entities (including certain of our subsidiaries) 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.

## ROUNDING

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

## DIRECTORS

| Name | Address | Nationality |
|---|---|---|
| **Executive Directors** | | |
| Liu Guoqing (劉國清) | Unit 3A, Building 1<br>Huahui Yunmen, Nanshan District<br>Shenzhen, Guangdong Province<br>PRC | Chinese |
| Yang Guang (楊廣) | Unit 1204, Building A<br>Langjingyuan, Nanshan District<br>Shenzhen, Guangdong Province<br>PRC | Chinese |
| Zhou Xiang (周翔) | Unit 101, Building 9<br>Renheng City Starlight<br>Nanjing, Jiangsu Province<br>PRC | Chinese |
| Wang Qicheng (王啟程) | Unit 1103, Building C<br>Langjingyuan, Nanshan District<br>Shenzhen, Guangdong Province<br>PRC | Chinese |
| **Non-executive Directors** | | |
| Bi Lei (畢壘) | 8C, Unit 4, Building 2<br>Shijicheng Qingxueyuan<br>Haidian District, Beijing<br>PRC | Chinese |
| Liu Yiran (劉怡然) | Unit 3602, Building 3<br>Xincheng International<br>No. 6, Chaoyangmen Outer Street<br>Chaoyang District, Beijing<br>PRC | Chinese |

| Name | Address | Nationality |
|---|---|---|
| **Independent non-executive Directors** | | |
| Xiang Yang (項陽) | Flat 6B, Tower 3<br>Hong Kong University of Science and Technology<br>Clear Water Bay<br>Kowloon, Hong Kong | Chinese |
| Tan Kaiguo (譚開國) | Room 1001, No. 20, Lane 1185<br>Changde Road<br>Putuo District, Shanghai<br>PRC | Chinese |
| Tan Mingkui (譚明奎) | D1-602, South China<br>University of Technology<br>No. 382, Waihuan East Road<br>Panyu District<br>Guangzhou, Guangdong Province<br>PRC | Chinese |

**SUPERVISORS**

| Name | Address | Nationality |
|---|---|---|
| Liao Diguang (廖迪廣) | Unit 17A, Building 12<br>Jinxiu Jiangnan Phase IV<br>Longhua District<br>Shenzhen, Guangdong Province<br>PRC | Chinese |
| Ao Zhengguang (敖爭光) | Unit 31D, Block 4, Building 1<br>Area A, Phase 6<br>Lemeng Spring Garden<br>Mintang Road<br>Longhua District<br>Shenzhen, Guangdong Province<br>PRC | Chinese |
| Wan Hao (宛浩) | Room 508, Unit 2, Building 10<br>Shuixie Yangguang Garden<br>No. 48 Ningdan Road<br>Yuhuatai District<br>Nanjing, Jiangsu Province<br>PRC | Chinese |

For biographies and other relevant information of our Directors and Supervisors, see "Directors, Supervisors and Senior Management."

## PARTIES INVOLVED IN THE GLOBAL OFFERING

| | |
|---|---|
| **Joint Sponsors** | **CITIC Securities (Hong Kong) Limited**<br>18/F, One Pacific Place<br>88 Queensway<br>Hong Kong |
| | **China International Capital Corporation Hong Kong Securities Limited**<br>29/F, One International Finance Centre<br>1 Harbour View Street<br>Central<br>Hong Kong |
| **Sponsor-Overall Coordinator** | **CLSA Limited**<br>18/F, One Pacific Place<br>88 Queensway<br>Hong Kong |
| **Overall Coordinators and Joint Global Coordinators** | **CLSA Limited**<br>18/F, One Pacific Place<br>88 Queensway<br>Hong Kong |
| | **China International Capital Corporation Hong Kong Securities Limited**<br>29/F, One International Finance Centre<br>1 Harbour View Street<br>Central<br>Hong Kong |
| | **SBI China Capital Financial Services Limited**<br>4/F, Henley Building<br>No. 5 Queen's Road Central<br>Hong Kong |

**SDICS International Securities (Hong Kong) Limited (formerly known as Essence International Securities (Hong Kong) Limited)**
39/F, One Exchange Square
Central
Hong Kong

**Long Bridge HK Limited**
Unit 3302, 33/F, West Tower
Shun Tak Centre
No. 168-200 Connaught Road Central
Hong Kong

**Joint Bookrunners, Joint Lead Managers and Capital Market Intermediaries**

**CLSA Limited**
18/F, One Pacific Place
88 Queensway
Hong Kong

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

**SBI China Capital Financial Services Limited**
4/F, Henley Building
No. 5 Queen's Road Central
Hong Kong

**SDICS International Securities (Hong Kong) Limited (formerly known as Essence International Securities (Hong Kong) Limited)**
39/F, One Exchange Square
Central
Hong Kong

**Long Bridge HK Limited**
Unit 3302, 33/F, West Tower
Shun Tak Centre
No. 168-200 Connaught Road Central
Hong Kong

**ABCI Capital Limited**
*(Only as a Joint Bookrunner)*
11/F, Agricultural Bank of China Tower
50 Connaught Road Central
Hong Kong

**BOCI Asia Limited**
26/F, Bank of China Tower
1 Garden Road
Central
Hong Kong

**CMBC Securities Company Limited**
45/F, One Exchange Square
8 Connaught Place
Central, Hong Kong

**Futu Securities International (Hong Kong) Limited**
34/F, United Centre
No. 95 Queensway
Admiralty, Hong Kong

**Phillip Securities (Hong Kong) Limited**
11/F United Centre
95 Queensway
Hong Kong

**Shenwan Hongyuan Securities (H.K.) Limited**
Level 6, Three Pacific Place
1 Queen's Road East
Hong Kong

**SPDB International Capital Limited**
33/F, SPD Bank Tower
One Hennessy
1 Hennessy Road
Hong Kong

**Tiger Brokers (HK) Global Limited**
1/F
308 Des Voeux Road Central
Sheung Wan
Hong Kong

| | |
|---|---|
| | **TradeGo Markets Limited**<br>Room 3405, West Tower<br>Shun Tak Centre<br>168-200 Connaught Road Central<br>Hong Kong |
| **Joint Lead Managers and Capital Market Intermediaries** | **ABCI Securities Company Limited**<br>10/F, Agricultural Bank of China Tower<br>50 Connaught Road Central<br>Hong Kong |
| | **Fosun International Securities Limited**<br>Suite 2101-2105, 21/F<br>Champion Tower<br>3 Garden Road<br>Central<br>Hong Kong |
| | **Patrons Securities Limited**<br>Unit 3214, 32/F<br>Cosco Tower<br>183 Queen's Road Central<br>Sheung Wan<br>Hong Kong |
| **Legal Advisors to our Company** | *As to Hong Kong and U.S. laws:*<br>**Linklaters**<br>11/F, Alexandra House<br>Chater Road<br>Central<br>Hong Kong |
| | *As to PRC laws:*<br>**AllBright Law Offices**<br>9, 11, 12/F, Shanghai Tower<br>No. 501, Yincheng Middle Road<br>Pudong New Area<br>Shanghai<br>PRC |
| | *As to U.S. export control laws:*<br>**Hogan Lovells**<br>11/F, One Pacific Place<br>88 Queensway<br>Hong Kong |

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| **Legal Advisors to the Joint Sponsors and the Underwriters** | *As to Hong Kong laws:*<br>**Deacons**<br>5/F Alexandra House<br>18 Chater Road<br>Central<br>Hong Kong<br><br>**Grandall Law Firm (Shanghai)**<br>25-28/F, Suhe Centre<br>99 North Shanxi Road<br>Jing'an District, Shanghai<br>PRC |
| **Auditor and Reporting Accountant** | **PricewaterhouseCoopers**<br>*Certified Public Accountants*<br>*Registered Public Interest Entity Auditor*<br>22/F, Prince's Building<br>Central<br>Hong Kong |
| **Industry Consultant** | **China Insights Industry Consultancy Limited**<br>10/F, Block B, Jing'an International Center<br>88 Puji Road<br>Jing'an District, Shanghai<br>PRC |
| **Compliance Advisor** | **SBI China Capital Hong Kong Securities Limited**<br>4/F, Henley Building<br>No. 5 Queen's Road Central<br>Hong Kong |
| **Receiving Bank** | **CMB Wing Lung Bank Limited**<br>45 Des Voeux Road Central<br>Hong Kong |

| | |
|---|---|
| **Registered Office, Headquarters and Principal Place of Business in the PRC** | 25th Floor, Tower A, Building 1<br>Zhongzhou Binhai Commercial Center<br>No. 9285 Binhe Avenue<br>Shangsha Community, Sha Tau Street<br>Futian District, Shenzhen<br>Guangdong Province, PRC |
| **Principal Place of Business in Hong Kong** | 5/F, Manulife Place<br>348 Kwun Tong Road<br>Kowloon, Hong Kong |
| **Company's Website** | **www.minieye.cc**<br>*(Information contained on this website does not form part of this prospectus)* |
| **Joint Company Secretaries** | **Mr. Wen Qi**<br>25th Floor, Tower A, Building 1<br>Zhongzhou Binhai Commercial Center<br>No. 9285 Binhe Avenue<br>Shangsha Community, Sha Tau Street<br>Futian District, Shenzhen<br>Guangdong Province, PRC<br><br>**Ms. Lam Wing Chi**<br>*ACG, HKACG*<br>5/F, Manulife Place<br>348 Kwun Tong Road<br>Kowloon, Hong Kong |
| **Authorized Representatives** | **Dr. Liu Guoqing**<br>25th Floor, Tower A, Building 1<br>Zhongzhou Binhai Commercial Center<br>No. 9285 Binhe Avenue<br>Shangsha Community, Sha Tau Street<br>Futian District, Shenzhen<br>Guangdong Province, PRC<br><br>**Ms. Lam Wing Chi**<br>5/F, Manulife Place<br>348 Kwun Tong Road<br>Kowloon, Hong Kong |

| | |
|---|---|
| **Audit Committee** | Dr. Xiang Yang<br>Mr. Tan Kaiguo *(Chairperson)*<br>Dr. Tan Mingkui |
| **Remuneration and Appraisal Committee** | Dr. Xiang Yang<br>Mr. Tan Kaiguo<br>Dr. Tan Mingkui *(Chairperson)* |
| **Nomination Committee** | Dr. Liu Guoqing<br>Dr. Xiang Yang *(Chairperson)*<br>Dr. Tan Mingkui |
| **Strategy Committee** | Dr. Liu Guoqing *(Chairperson)*<br>Mr. Yang Guang<br>Dr. Tan Mingkui |
| **H Share Registrar** | **Tricor Investor Services Limited**<br>17/F, Far East Finance Centre<br>16 Harcourt Road<br>Hong Kong |
| **Principal Banks** | **China Merchants Bank Co., Ltd. Shenzhen Branch**<br>China Merchants Bank Shenzhen Branch Building<br>No. 2016 Shennan Avenue, Lianhua Street<br>Futian District, Shenzhen<br>Guangdong Province, PRC |
| | **China Construction Bank Corporation Shenzhen Branch**<br>Shenzhen China Construction Bank Building<br>Lianhua Street<br>Futian District, Shenzhen<br>Guangdong Province, PRC |
| | **Industrial and Commercial Bank of China Limited Shenzhen Branch**<br>North Tower, Financial Center<br>Shennan East Street<br>Luohu District, Shenzhen<br>Guangdong Province, PRC |

*The information and statistics set out in this section and other sections of this prospectus were extracted from different official government publications, available sources from public market research and other sources from independent suppliers, and from the independent industry report prepared by China Insights Consultancy (the “**CIC Report**”). We engaged CIC to prepare the CIC Report, an independent industry report, in connection with the Global Offering. Information and statistics from official government sources have not been independently verified by us, the Joint Sponsors, the Overall Coordinators, the Joint Global Coordinators, the Joint Bookrunners, the Joint Lead Managers, any of the Underwriters, any of our or their respective directors, officers or representatives or any other person involved in the Global Offering and no representation is given as to their correctness or accuracy.*

## OVERVIEW OF GLOBAL AND CHINESE AUTOMOTIVE INTELLIGENCE SOLUTIONS INDUSTRY

Ongoing technology advancements and growing customer desire for safer and better driving experiences are fueling the progress of automotive intelligence solutions, which is of importance for the automobile industry with a focus on two pivotal segments: intelligent driving solutions and intelligent cabin solutions. Specifically, intelligent driving solutions strive to augment travel safety and efficiency, while intelligent cabin solutions aim to enhance driving experience with heightened convenience and enjoyment. According to CIC, the global market size for automotive intelligence solutions in terms of revenue, encompassing intelligent driving solutions and intelligent cabin solutions, reached RMB589.9 billion in 2023, and is projected to increase to RMB1,330.3 billion in 2028 with a CAGR of 15.5% from 2024 to 2028.

China stands as the largest automobile market globally, giving rise to the world’s dominant market of automotive intelligence solutions. According to CIC, the sales volume of automobiles in China reached 30.5 million units in 2023, accounting for 32.9% of the global sales volume of automobiles, and is anticipated to reach 35.0 million units in 2028. Meanwhile, rapid advancements in related technologies have effectively satisfied consumer demand for smart experience, leading to a growing adoption of intelligent features in automobiles. The stable growth of automobile sales and the rising penetration of intelligent solutions are expected to drive continuous developments within the Chinese automotive intelligence solutions industry. The market size for Chinese automotive intelligence solutions in terms of revenue, encompassing intelligent driving solutions and intelligent cabin solutions, reached RMB175.0 billion in 2023, and is expected to reach RMB431.2 billion in 2028 with a CAGR of 16.8% from 2024 to 2028.

## ANALYSIS OF GLOBAL AND CHINESE INTELLIGENT DRIVING SOLUTIONS INDUSTRY

### Definition and Classification of Intelligent Driving Solutions

Intelligent driving solutions refer to solutions that enable vehicles to achieve varying degrees of safe and comfortable driving or parking functions in various traffic scenarios by utilizing a combination of hardware, software and algorithms to process real-time data from the vehicle's surroundings and make decisions based on autonomous computing.

Intelligent driving solutions include solutions enabling Level 0 to Level 5 automation. Solutions enabling Level 0 automation can detect and respond to a part of the objects and events, but are unable to execute sustained vehicle motion control tasks. Solutions enabling Level 1 to Level 5 automation are commonly known as autonomous driving solutions, which can execute varying degrees of sustained vehicle motion control in dynamic driving tasks.

According to the functionality and the extent to which the driving system takes control of the vehicle, autonomous driving solutions can be classified into advanced driver assistance system (ADAS) solutions and automated driving system (ADS) solutions.

ADAS solutions refer to solutions enabling Level 1 to Level 2 automation, which can continuously take over varying degrees of lateral and longitudinal vehicle control in dynamic driving tasks. Currently, global intelligent driving solutions industry is progressing towards Level 2+ vehicle autonomy. Level 2+ solutions enable vehicles to perform functions beyond Level 2 automation, including HNOA, UNOA and HAVP, while the driver remains responsible for object and event detection and response. Although Level 2+ has not been officially defined by regulatory authorities, it is recognized within the industry as a distinct category positioned between Level 2 and Level 3. Market participants, including OEMs and intelligent driving solution providers, widely use the Level 2+ categorization to highlight their advanced technologies and functions compared to basic Level 2 features. This distinction offers users and customers a clearer understanding of the level of automation in intelligent driving solutions. ADS solutions refer to solutions enabling Level 3 to Level 5 automation, which can continuously perform a full range of dynamic driving tasks under certain circumstances. As regulatory clarity increases on the performance of road trials and commercial operating conditions of vehicles equipped with Level 3 and above solutions in designated city areas, ADS solutions will continuously see increased commercialization in the future. The following chart sets forth the definition and classification of different intelligent driving solutions.

### Definition and classification of intelligent driving solutions

Intelligent Driving Solutions

Autonomous Driving Solutions

| Classification | Level | Name | Sustained Lateral and Longitudinal Vehicle Motion Control(1) | Object and Event Detection and Response(2) | Dynamic Driving Task Fallback(3) | Operational Design Domain(4) | Example Functions |
|---|---|---|---|---|---|---|---|
| Emergency Assistance System | Level 0 | Emergency Assistance | Driver | Driver and System | Driver | Limited | BSD, LDW, FCW, PCW |
| Advanced Driver Assistance System (ADAS) | Level 1 | Partial Driver Assistance | Driver and System | Driver and System | Driver | Limited | LCC or ACC |
| | Level 2, Level 2+ | Combined Driver Assistance | System | Driver and System | Driver | Limited | Level 2: LCC and ACC, APA Level 2+: HNOA, UNOA, HAVP |
| Automated Driving System (ADS) | Level 3 | Conditionally Automated Driving | System | System | DDT fallback-ready user (becomes the driver upon taking over the dynamic driving task) | Limited | Traffic jam chauffeur |
| | Level 4 | Highly Automated Driving | System | System | System | Limited | Local driverless taxi, pedals/steering wheel may or may not be installed |
| | Level 5 | Fully Automated Driving | System | System | System | Unlimited (excluding commercial and regulatory factors) | Same as Level 4, but feature can drive everywhere in all conditions |

*Notes:*

(1) Sustained lateral and longitudinal vehicle motion control refers to the sustained controlling of vehicle's lateral movement through steering and longitudinal movement through acceleration and deceleration.

(2) Object and event detection and response refers to the monitoring of driving environment by detecting, recognizing, classifying and preparing responses to targets and events, and eventually executing tasks in a targeted manner.

(3) Dynamic driving task fallback refers to the action of the driver taking over the dynamic driving tasks or the system executing a minimal risk maneuver when conditions do not meet the operational design domain.

(4) Operational design domain refers to the external environmental conditions (including road, traffic, weather and lighting) determined during the design phase of an intelligent driving system, which are applicable to its functional operation.

*Source: MIIT, Society of Automotive Engineers (SAE), CIC*

## Recent Regulatory Developments

Recently, in terms of the autonomous driving standards, the MIIT released the 2024 Key Points of Automotive Standardization Work (《2024年汽車標準化工作要點》), highlighting increased efforts in developing standards for intelligent connected vehicles. This includes promoting mandatory national standards for vehicle information security, software upgrades and autonomous driving data recording systems, as well as recommending national standards for general technical requirements for autonomous driving, road test methods for autonomous driving functions, operational design conditions for autonomous driving, general data requirements and LTE-V2X. In addition, according to the national standards revision plan, the standardization technical organization of the MIIT has completed the formulation of five national automotive industry standards, including the General Technical Requirements for Autonomous Driving Systems of Intelligent Connected Vehicles (《智慧網聯汽車自動駕駛系統通用技術要求》), and has made them public.

In terms of autonomous driving consumption, the NDRC and four other departments issued the Measures to Create New Consumption Scenarios and Cultivate New Growth Points in Consumption (《關於打造消費新場景培育消費新增長點的措施》), proposing to expand the pilot scope of comprehensive electrification of public sector vehicles, steadily promote the commercialization of autonomous driving, create new high-level intelligent driving scenarios and conduct pilot applications of "vehicle-road-cloud integration (車路雲一體化)" for intelligent vehicles.

In terms of autonomous driving access and pilot projects, according to the Notice on Carrying Out Pilot Work on Access and Road Traffic for Intelligent Connected Vehicles (《關於開展智慧網聯汽車准入和上路通行試點工作的通知》), the MIIT and three other departments have confirmed the first batch of nine consortia for pilot projects on access and road traffic for intelligent connected vehicles. These pilots will systematically promote technological innovation, large-scale development, and industrial ecosystem construction of intelligent connected vehicle products, accelerate the formation of a comprehensive, pragmatic and efficient legal, regulatory and management policy and standard system, and expedite the construction of supporting capabilities for testing, verification and safety assessment of intelligent connected vehicles, laying a solid foundation for their large-scale promotion and application. In addition, the MIIT and the SAMR released the Notice on Further Strengthening the Access, Recall and Over-The-Air Update Management of Intelligent Connected Vehicles (Draft for Comments) (《關於進一步加強智能網聯汽車准入、召回及軟件在線升級管理的通知(徵求意見稿)》), aiming to enhance the management of access, recall and over-the-air update processes for intelligent connected vehicles.

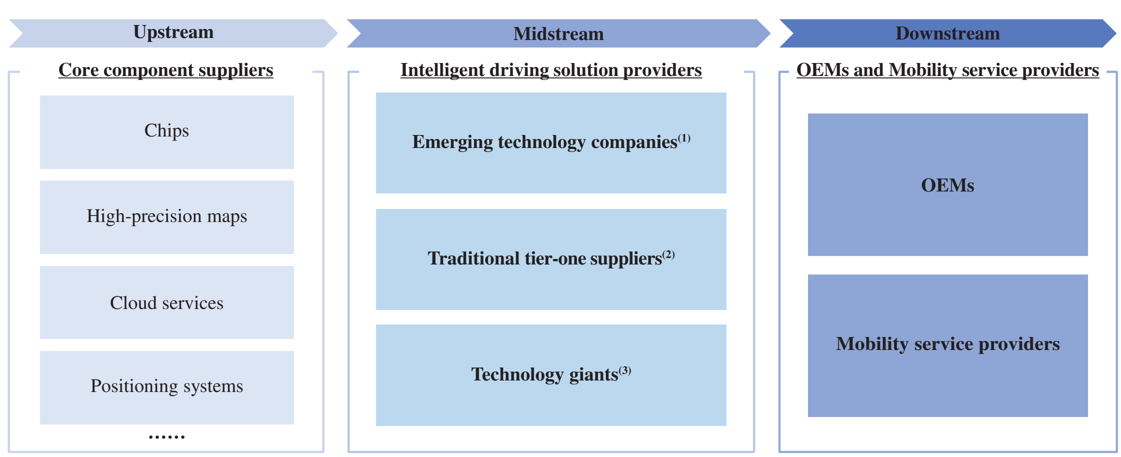
In terms of the local policy level, the Shenzhen Municipal Bureau of Industry and Information Technology (深圳市工業和資訊化局) released the Operational Procedures for the Special Support Plan for High-Quality Development of the New Energy Vehicle and Intelligent Connected Vehicle Industry (《新能源汽車和智慧網聯汽車產業高品質發展專項扶持計劃操作規程》), which will provide special support for industry public service platform projects, automotive electronic certification projects and industrialization projects, enhancing the management level and utilization efficiency of special funds, and promoting the high-quality development of Shenzhen's NEV and intelligent connected vehicle industry, accelerating the creation of a "new generation world-class automobile city. "The Regulations on Promoting the Development of Intelligent Connected Vehicles in Wuhan (Draft) (《武漢市智慧網聯汽車發展促進條例(草案)》) has entered the review stage by the Standing Committee of the Wuhan Municipal People's Congress. These regulations clearly encourage the promotion and application of new technologies and products for intelligent connected vehicles, support road testing, demonstration applications, commercial pilot projects and operations of autonomous vehicles, and accelerate the process of achieving fully autonomous driving. They also support the establishment of a deeply integrated mechanism for tackling key core technologies of intelligent connected vehicles, focusing on breakthroughs in key core technologies such as automotive-grade chips, automotive basic software, autonomous driving, intelligent cabin, vehicle networking, information security and vehicle-road-cloud integration. The Beijing Municipal Bureau of Economy and Informatization (北京市經濟和信息化局) issued the Regulations on Autonomous Driving Vehicles in Beijing (Draft for Comments) (《北京市自動

駕駛汽車條例(徵求意見稿)》). These regulations provide a relatively comprehensive and integrated regulatory framework for autonomous driving innovation activities. Furthermore, the Standing Committee of the Guangzhou Municipal People's Congress (廣州市人大常委會) released the Regulations on Intelligent Connected Vehicle Innovation and Development in Guangzhou (Draft Amendment • Draft for Comments) (《廣州市智能網聯汽車創新發展條例(草案修改稿•徵求意見稿)》). These regulations aim to standardize and promote the development of the intelligent connected vehicle industry across five areas: industry development, integrated vehicle-road-cloud infrastructure, innovative applications, safety assurance and legal liabilities.

**Value Chain of Intelligent Driving Solutions Industry**

The upstream of the value chain of intelligent driving solutions industry consists of core components suppliers, which include chips, high-precision maps, positioning systems and cloud services, etc. The midstream of the value chain consists of intelligent driving solutions providers, comprising emerging technology companies, traditional tier-one suppliers and technology giants. These providers are responsible for full-set intelligent driving solutions applicable to various kinds of vehicles. The downstream of the value chain consists of OEMs and mobility service providers. The following chart sets forth the value chain of the intelligent driving solutions industry.

**Value chain of intelligent driving solutions industry**




*Notes:*

(1) Emerging technology companies refer to companies that are dedicated to technological breakthroughs and product innovations in the field of intelligent driving.

(2) Traditional tier-one suppliers refer to companies that supply various automotive electronic components directly to automotive OEMs, with intelligent driving solutions constituting a part of their diversified solution portfolio.

(3) Technology giants refer to leading large technology companies with significant influence in specific fields, leveraging their strong financial resources and R&D capabilities to expand their layout in the field of intelligent driving.

*Source: CIC*

### Market Size for Global and Chinese Intelligent Driving Solutions

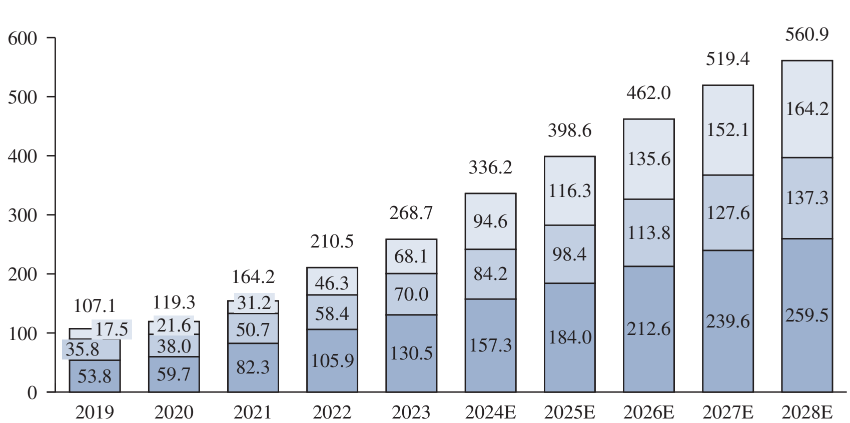
Level 0 to Level 2 solutions have emerged as the mainstream intelligent driving solutions worldwide. As OEMs expand their layout in the field of intelligent driving, the global intelligent driving solutions market has witnessed significant growth. According to CIC, the global market size for intelligent driving solutions in terms of revenue increased from RMB107.1 billion in 2019 to RMB268.7 billion in 2023 with a CAGR of 25.9%. It is projected to increase to RMB560.9 billion in 2028 with a CAGR of 13.7% from 2024 to 2028.

China and Europe have played crucial roles in propelling the global intelligent driving solutions market. China has been leading the way in global intelligent driving solutions development with advanced technologies and high consumer acceptance. The corresponding market size in China has grown from RMB17.5 billion in 2019 to RMB68.1 billion in 2023 with a CAGR 40.5%, accounting for 25.4% of the global market size in 2023. Meanwhile, Europe holds a significant market for intelligent driving solutions, with the market size increasing from RMB35.8 billion in 2019 to RMB70.0 billion in 2023, at a CAGR of 18.3%, accounting for 26.1% of the global market size in 2023. As technologies advance and costs decrease, ADAS solutions, especially Level 2+ solutions, are anticipated to be applied to a wider range of vehicle models. With supportive policy introductions and the rising consumer receptivity, the mass production of ADS solutions is also expected to accelerate. The market size for Chinese and European intelligent driving solutions in terms of revenue is projected to increase to RMB164.2 billion and RMB137.3 billion, respectively, by 2028, representing a CAGR of 14.8% and 13.0%, respectively, from 2024 to 2028. The following charts set forth the market size for global and Chinese intelligent driving solutions in terms of revenue from 2019 to 2028.

**Market Size for Global Intelligent Driving Solutions, in terms of Revenue, by Region, 2019-2028E**

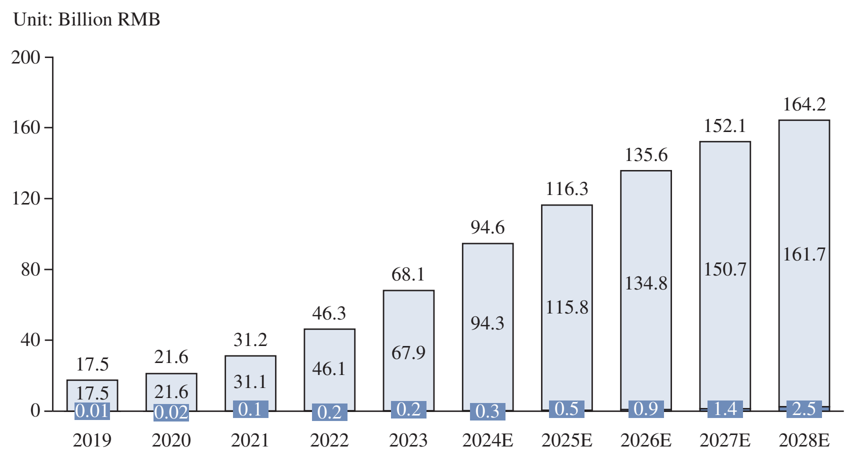
| | CAGR | |
|---|---|---|
| | 2019-2023 | 2024E-2028E |
| **Global Intelligent Driving Solutions** | **25.9%** | **13.7%** |
| China | 40.5% | 14.8% |
| Europe | 18.3% | 13.0% |
| Rest of the world | 24.8% | 13.3% |

Unit: Billion RMB



**Market Size for Chinese Intelligent Driving Solutions, in terms of Revenue, by Automation Level, 2019-2028E**

| | CAGR | |
|---|---|---|
| | **2019-2023** | **2024E-2028E** |
| **Chinese Intelligent Driving Solutions** | **40.5%** | **14.8%** |
| L0-L2+ | 40.4% | 14.4% |
| L3-L5 | 107.4% | 64.5% |




*Source: OICA, CPCA, CIC*

**Growth Drivers of Global and Chinese Intelligent Driving Solutions Industry**

- ***Continuous advancements in software and hardware technologies.*** Technology enhancements in software, algorithms, sensors, chips, etc., have significantly propelled the development of intelligent driving solutions. As technologies continue to advance globally, multiple intelligent driving functions are expected to be controlled by a single DCU, enabling deep sensor reuse and computing resource sharing. Consequently, providers can offer more competitive and cost-effective solutions on a global scale, driving the penetration of intelligent driving solutions.

- ***Accelerating automotive intelligence layout of global OEMs.*** The rapid development of automotive intelligence has allowed intelligent driving solutions to emerge as a critical competitive factor for differentiating vehicle models among OEMs across the globe. As a result, OEMs in different countries are actively advocating for the intelligent enhancement of vehicles and have largely increased their investment in the field of intelligent driving.

- ***Growing consumer demand for intelligent driving functions.*** Intelligent driving solutions can effectively alleviate accidents. Therefore, the increasing global demand for operational safety of vehicles has accelerated the penetration of intelligent driving solutions. Meanwhile, intelligent driving functions have become a key consideration among vehicle consumers worldwide as the demand for better driving experience continues to rise. The substantial interest of global consumers in intelligent driving functions contributes significantly to the application of intelligent driving solutions.

- ***Supported by industry policies, laws and regulations.*** Governments worldwide are responding to the growing concern for transportation safety by implementing policies and regulations. These measures mandate the installation of intelligent driving solutions to improve driving safety while promoting the commercialization of these solutions. For example, the General Safety Regulation issued by EU requires specific vehicles to be equipped with AEB and ELK systems. Meanwhile, the C-NCAP in China has introduced safety performance assessments for intelligent driving functions such as AEB and LKA. In addition, the PRC government has introduced a series of policies to promote the development and commercialization of ADS technologies. For instance, the MIIT, along with three other departments, released the Notice on Carrying Out Pilot Work on Access and Road Traffic of Intelligent Connected Vehicles (《關於開展智能網聯汽車准入和上路通行試點的通知》), allowing road trials of selected intelligent connected vehicles in designated city areas. Furthermore, the Service Guidelines on Transportation Safety for Autonomous Vehicles (for Trial Implementation) (《自動駕駛汽車運輸安全服務指南(試行)》issued by the Ministry of Transport of the PRC clarifies regulations on the commercial operating conditions for autonomous driving vehicles equipped with Level 3 to Level 5 solutions. These favorable policies have contributed to the adoption and improvement of intelligent driving solutions.

- ***Continuing expansion of Chinese OEMs in the global automobile market.*** With continuous advancements in technological innovation and product competitiveness, Chinese OEMs have seen a significant growth in export sales, solidifying China's position as the world's largest export market of automobiles. The export volume of automobiles increased from 1.0 million units in 2019 to 4.9 million units in 2023 with a CAGR of 48.0%. The increasing export volume of automobiles presents significant opportunities and momentum for the development of the Chinese intelligent driving solutions industry.

**Future Trends of Global and Chinese Intelligent Driving Solutions Industry**

- ***Widespread adoption of ADAS solutions as standard features in mass-produced vehicle models.*** With growing market demands for vehicle safety and constantly decreasing costs of ADAS solutions, Level 2 solutions are becoming standard equipment for vehicles, and there is expected to be a wider adoption of Level 2+ solutions in mass vehicle models, indicating a continual increase in the global penetration of ADAS solutions. The global penetration rate of vehicles equipped with Level 2 (including Level 2+) intelligent driving solutions was 32.1% in 2023, and is expected to reach 61.1% by 2028, with a market size of RMB491.4 billion.

- ***Increasing domestic market share of Chinese intelligent driving solutions providers.*** Chinese intelligent driving solutions providers are emerging as significant participants in the domestic intelligent driving solutions industry, leveraging advantages in rapid product iterations and autonomous control over crucial components. While overseas tier-one suppliers have dominated the industry with their advanced technologies and first-mover advantage, Chinese players are now capturing a growing market share. This highlights the trend of domestic substitution and a shifting landscape in the Chinese intelligent driving solutions industry.

- ***International expansion of Chinese intelligent driving solutions providers.*** Continuous advancements of technology and the rising consumer acceptance of intelligent features in automobiles worldwide have fueled the demand for vehicles with intelligent driving solutions. In this context, Chinese intelligent driving solutions providers are well positioned to expand globally, benefiting from the increasing global influence of Chinese independent OEMs and the OEMs' preference for Chinese intelligent driving solutions providers who offer more adaptable collaborations and prompt service delivery.

- ***International OEMs actively seeking intelligent driving solutions from Chinese providers.*** Given the intensifying competition in the automobile industry, international OEMs are striving to adopt advanced algorithms and enhance product competitiveness. Meanwhile, Chinese intelligent driving solutions providers are able to iterate algorithms rapidly and offer cost-effective products, positioning China as one of the fastest-growing markets in the industry. Therefore, international OEMs are establishing partnerships and investing in Chinese providers to strengthen product capabilities, creating ample growth opportunities for Chinese providers.

- ***Intelligent driving solution providers are pursuing a more comprehensive spectrum of automation levels.*** Intelligent driving solution providers predominantly employ two distinct technological strategies: the incremental approach and the revolutionary approach. Providers following an incremental approach gradually develop intelligent driving solutions across increasing degrees of automation, from Level 0 to Level 4. Most of these providers focus on solutions from Level 0 to Level 2+, while those with more advanced hardware and software capabilities are leveraging their production expertise and technological accumulation to further develop solutions for Level 3 and Level 4. On the other hand, providers embracing a revolutionary strategy focus on solutions for Level 3 and Level 4. However, the widespread commercialization of autonomous driving projects at Level 3 and Level 4 continues to face significant uncertainty, as the current regulatory landscape has yet to fully address the novel challenges posed by these advanced technologies. Consequently, some revolutionary providers have begun to develop solutions for Level 0 to Level 2+, with a particular emphasis on Level 2+ solutions. Collectively, intelligent driving solution providers, irrespective of their chosen incremental or revolutionary strategies, are actively working to broaden their product offerings to cover a more comprehensive spectrum of automation levels.

- ***Further commercialization of ADS solutions.*** Currently, ADS solutions have achieved small-scale commercialization in road trial designated areas and low-speed enclosed sites globally, with applications including port and mine transportation, mobility service and last mile delivery. As supportive policies are introduced and technologies of intelligent driving algorithms and high-precision maps continue to advance, ADS solutions are expected to be applied to a broad spectrum of scenarios and accelerate in mass commercialization.

**Competitive Landscape of the Chinese Intelligent Driving Solutions Industry**

The Chinese intelligent driving solutions industry is currently experiencing rapid growth, attracting diverse participants, comprising OEMs with in-house R&D capabilities and third-party providers, to get involved. OEMs with in-house R&D capabilities actively engage in the development of intelligent driving solutions, usually applying these proprietary solutions to their own vehicle models without external sales. The third-party providers who develop, manufacture and sell intelligent driving solutions to OEMs, are the major participants in this industry, including emerging technology companies, traditional tier-one suppliers and technology giants. The overseas traditional tier-one suppliers, often international automotive electronics giants with a long history and early market entry, possess extensive global reach. This enables them to leverage their established networks and resources, as well as to forge deep ties with downstream clients, thereby holding a strong market position. In terms of revenue of Level 0 to Level 2+ solutions in 2023, the collective market share of the eight major overseas traditional tier-one suppliers in the Chinese market reached approximately 60.0%. Meanwhile, the four out of the top five intelligent driving solutions providers in the Chinese market were overseas traditional tier-one suppliers. However, a significant trend in the industry is that Chinese domestic intelligent driving solutions providers are capturing an increasing market share by leveraging advantages in rapid product iterations and adaptable collaboration options. In terms of revenue of Level 0 to Level 2+ solutions in 2023, we ranked seventh among all domestic intelligent driving solutions providers with a market share of 3.2% and fifteenth among domestic and overseas intelligent driving solutions providers with a market share of 0.6%.

**Rankings of Providers in the Chinese Intelligent Driving Solutions Industry, in terms of Revenue(1) of Level 0 to Level 2+ Solutions, 2023**

| Ranking | Provider | Revenue | Market Share(2) |
|---|---|---|---|
| | | *(RMB million)* | |
| 1 . . . . . | Company A(3) | 10,000.0 | 14.7% |
| 2 . . . . . | Company B(4) | 8,000.0 | 11.8% |
| 3 . . . . . | Company C(5) | 7,800.0 | 11.5% |
| 4 . . . . . | Company D(6) | 7,500.0 | 11.0% |
| 5 . . . . . | Company E(7) | 4,490.0 | 6.6% |
| | **Sub-Total** | **37,790.0** | **55.6%** |

*Notes:*

(1) The revenue of Level 0 to Level 2+ solutions includes revenue from integrated solutions, control units, sensors, algorithms, software and R&D services.

(2) The market share is derived by dividing the revenue of Level 0 to Level 2+ solutions of the provider by the market size for Chinese intelligent driving solutions in relation to Level 0 to Level 2+ solutions.

(3) Company A is an unlisted company founded in 1886 and headquartered in Germany. It is mainly engaged in the business of autonomous driving solutions, energy construction solutions and consumer goods.

(4) Company B is a listed company founded in 1923 and headquartered in France. It is mainly engaged in the business of autonomous driving solutions, powertrain systems, thermal systems and visibility systems.

(5) Company C is a listed company founded in 2011 and headquartered in Ireland. It is mainly engaged in the business of autonomous driving solutions and the designing and manufacturing of automotive electrical systems.

(6) Company D is a listed company founded in 1871 and headquartered in Germany. It is mainly engaged in the business of autonomous driving solutions, intelligent railway engineering solutions and smart mining solutions.

(7) Company E is a listed company founded in 1986 and headquartered in Guangdong Province, China. It is mainly engaged in the business of intelligent cockpit, autonomous driving solutions and connected services.

*Sources: Annual Reports, CIC*

**Rankings of Domestic Providers in the Chinese Intelligent Driving Solutions Industry, in terms of Revenue[(1)] of Level 0 to Level 2+ Solutions, 2023**

| Ranking | Provider | Main solution type | Revenue | Market share[(2)] |
|---|---|---|---|---|
| | | | *(RMB million)* | |
| 1 . . . . . | Company E | Integrated driving-parking solution | 4,490.0 | 6.6% |
| 2 . . . . . | Company F[(3)] | Driving solution and integrated driving-parking solution | 1,200.0 | 1.8% |
| 3 . . . . . | Company G[(4)] | Driving solution and integrated driving-parking solution | 1,193.6 | 1.8% |
| 4 . . . . . | Company H[(5)] | Driving solution and integrated driving-parking solution | 900.0 | 1.3% |
| 5 . . . . . | Company I[(6)] | Parking solution | 497.9 | 0.7% |
| 6 . . . . . | Company J[(7)] | Integrated driving-parking solution | 450.0 | 0.7% |
| 7 . . . . . | The Group | Driving solution and integrated driving-parking solution | 386.2 | 0.6% |
| 8 . . . . . | Company K[(8)] | Integrated driving-parking solution | 300.0 | 0.4% |
| 9 . . . . . | Company L[(9)] | Driving solution and integrated driving-parking solution | 290.0 | 0.4% |
| 10 . . . . | Company M[(10)] | Driving solution and integrated driving-parking solution | 260.0 | 0.4% |
| | **Sub-Total** | | **9,967.7** | **14.7%** |

*Notes:*

(1) The revenue of Level 0 to Level 2+ solutions includes revenue from integrated solutions, control units, sensors, algorithms, software and R&D services.

(2) The market share is derived by dividing the revenue of Level 0 to Level 2+ solutions of the provider by the market size for Chinese intelligent driving solutions in relation to Level 0 to Level 2+ solutions.

(3) Company F is a listed company founded in 2003 and headquartered in Beijing, China. It is mainly engaged in the R&D, design, manufacturing and sales of automotive electronics and intelligent driving solutions.

(4) Company G is a listed company founded in 2016 and headquartered in Jiangsu Province, China. It is mainly engaged in autonomous driving domain controllers and intelligent front camera products.

(5) Company H is an unlisted company founded in 2017 and headquartered in Zhejiang Province, China. It is mainly engaged in the R&D, design, manufacturing and sales of intelligent driving solutions.

(6) Company I is an unlisted company founded in 2013 and headquartered in Shanghai, China. It is mainly engaged in the R&D, design, manufacturing and sales of intelligent driving solutions and autonomous driving energy service robots.

(7) Company J is a listed company founded in 2000 and headquartered in Beijing, China. It is mainly engaged in the business of intelligent driving solutions, intelligent cabin and AI products and services.

(8) Company K is an unlisted company founded in 2019 and headquartered in Beijing, China. It is engaged in the R&D, design, manufacturing and sales of intelligent driving solutions and autonomous driving robots.

(9) Company L is an unlisted company founded in 2015 and headquartered in Shanghai, China. It is mainly engaged in the R&D, design, manufacturing and sales of basic software, SOA middleware and intelligent driving solutions.

(10) Company M is an unlisted company founded in 2018 and headquartered in Zhejiang Province, China. It is mainly engaged in the R&D, design, manufacturing and sales of intelligent driving solutions.

*Source: Annual Reports, CIC*

Emerging technology companies are those that are dedicated to technological breakthroughs and product innovations within the intelligent driving sector, setting them apart significantly from traditional tier-one suppliers and technology giants in terms of business nature and technical capabilities. With a sharp focus in the intelligent driving field, emerging technology companies primarily generate revenue from offering intelligent driving solutions. In contrast, the other types market players regard intelligent driving solutions solely as a part of their diversified product lines, contributing to a relatively minor share of their overall revenue. For example, Company E and F are two comprehensive automotive electronics tier-one suppliers and have a broad range of product categories encompassing intelligent driving solutions, intelligent cabin solutions, intelligent connected services, automotive chassis and control systems etc. Specifically, the revenue from intelligent driving solutions only accounted for approximately 20.5% of Company E's total revenue in 2023, while intelligent cabin solutions contributed the largest share, accounting for approximately 72.1% of its total revenue in the same year. Similarly, the revenue from intelligent driving solutions only accounted for less than 30.0% of Company F's total revenue in 2023, while other automotive electronic products, including automotive chassis and control systems, represented the largest share (over 40.0%) of its total revenue in the same year. Company J is a technology giant and its product categories include online marketing solutions, AI solutions, cloud services in addition to intelligent driving solutions. The revenue from intelligent driving solutions only accounted for less than 10.0% of its total revenue in 2023, while its largest revenue contribution was from online marketing solutions, comprising approximately 55.8% of its total revenue in the same year. Moreover, emerging technology companies emphasize on building full-stack in-house R&D capabilities, while the other types of market players have only separately developed R&D capabilities in software algorithm development, hardware manufacturing or system integration. Leveraging their business focus and full-stack capabilities in the field of intelligent driving, emerging technology companies can provide faster service responsiveness and flexible product portfolios, and better adapt to the constantly evolving demands of OEMs, which equips them with great growth potential in the fierce competition of the intelligent driving solutions industry. Considering the differences described above between emerging technology companies and other companies (*i.e.*, traditional tier-one suppliers and technology giants), CIC used the following quantitative criteria to characterize "emerging technology companies": (i) establishment after 2010, (ii) total revenue in 2023 was less than RMB4 billion, and (iii) revenue from intelligent driving solutions accounted for more than 70% of its total revenue in 2023. Currently, the emerging technology companies are leading the innovation of intelligent driving technologies and significantly contributing to the process of domestic substitution. In terms of revenue of Level 0 to Level 2+ solutions, the total market share of emerging technology companies tripled from 2019 to 2023, and with the trend towards domestic substitution, is expected to exceed 15% by 2030. In terms of revenue of Level 0 to Level 2+ solutions in 2023, we ranked fourth among all emerging technology companies.

The in-house R&D capabilities represent a significant competitive advantage of intelligent driving solutions providers. These capabilities empower providers to swiftly iterate and optimize products in accordance with market demands, thereby gaining a competitive edge in intense market competition. The leading providers with in-house R&D capabilities are more likely to use chips without embedded algorithms and implement their in-house developed algorithms. In 2023, among the top five emerging technology companies that mainly focus on offering driving solutions and integrated driving-parking solutions, we have the highest utilization of chips without embedded algorithms, standing at a proportion of 99.98%, while others are below 70%. The following table sets forth the ranking of the top five emerging technology companies in terms of revenue in 2023.

**Rankings of Emerging Technology Companies[(1)] in the Chinese Intelligent Driving Solutions Industry, in terms of Revenue[(2)] of Level 0 to Level 2+ Solutions, 2023**

| Ranking | Provider | Main solution type | Revenue | Market share[(3)] |
|---|---|---|---|---|
| | | | *(RMB million)* | |
| 1 . . . . . | Company G | Driving solution and integrated driving-parking solution | 1,193.6 | 1.8% |
| 2 . . . . . | Company H | Driving solution and integrated driving-parking solution | 900.0 | 1.3% |
| 3 . . . . . | Company I | Parking solution | 497.9 | 0.7% |
| 4 . . . . . | The Group | Driving solution and integrated driving-parking solution | 386.2 | 0.6% |
| 5 . . . . . | Company K | Integrated driving-parking solution | 300.0 | 0.4% |
| | **Sub-Total** | | **3,277.7** | **4.8%** |

*Notes:*

(1) According to CIC, emerging technology companies in the Chinese intelligent driving solutions industry are defined by (i) establishment after 2010, (ii) total revenue in 2023 was less than RMB4 billion, and (iii) revenue from intelligent driving solutions accounted for more than 70% of its total revenue in 2023. These characteristics indicate that such companies are still in a relatively early development stage, and are dedicated to technological breakthroughs and product innovations in the field of intelligent driving.

(2) The revenue of Level 0 to Level 2+ solutions includes revenue from integrated solutions, control units, sensors, algorithms, software and R&D services.

(3) The market share is derived by dividing the revenue of Level 0 to Level 2+ solutions of the provider by the market size for Chinese intelligent driving solutions in relation to Level 0 to Level 2+ solutions.

*Source: Annual Reports, CIC*

**Entry Barriers and Key Success Factors of Global and Chinese Intelligent Driving Solutions Industry**

- ***Technology strength.*** Developing intelligent driving solutions is a complex task, requiring sufficient technical expertise in relevant software algorithms, domain controllers and sensors. Additionally, providers with in-house R&D capabilities covering software and hardware can actively respond to customers and improve production capability. Furthermore, these capabilities provide a solid technical foundation that enables the formation of an adaptable technical platform for faster product iterations and shorter delivery cycles.

- ***Comprehensive and complete product layouts.*** Comprehensive hardware and software layouts, along with complete solutions for vehicles, enable providers to effectively meet customer requirements and offer a wide range of customized product portfolios for downstream OEMs, thereby reaching a broader customer base.

- ***Mass production and supply chain management capabilities.*** Providers with extensive mass production experience and supply chain management capabilities can ensure product reliability while offering cost-effective solutions due to lower upstream dependence and efficient supply chain management. This allows them to maintain supply chain stability in mass production and respond swiftly to market demands. Additionally, their ability to manage component price fluctuations helps to reduce overall costs and sustain profitability, which enables them to attract and retain customers to grow their market share in the increasingly competitive industry.

- ***Abundant OEM supply qualifications and customer resources.*** Intelligent driving solution is a key indicator of automotive intelligence and requires high reliability and stability. Therefore, OEMs have strict onboarding requirements for the providers, necessitating long-term and complex validation processes for their products. Providers with abundant OEM supply qualifications can leverage a wide range of customer resources. By serving multiple OEMs, providers can deliver advanced solutions through cross-selling and establish a strong brand effect, thereby broadening their market share. For new entrants in the industry, it can be difficult to rapidly obtain OEM supply qualifications, resulting in limited customer resources.

**Threats and Challenges of Global and Chinese Intelligent Driving Solutions Industry**

- **Increasingly intense competitive environment.** The intelligent driving solutions industry is highly competitive, with numerous players vying for market share. Providers must allocate substantial investments in research and innovation to develop cutting-edge technologies, while managing costs effectively to deliver competitive intelligent driving solutions that are technologically advanced and cost- efficient relative to other market participants.

- **Potential shortages and price fluctuations of raw materials and components.** Raw material and component costs constitute one of the major costs incurred by intelligent driving solution providers. However, uncontrollable factors such as geopolitical challenges, natural disasters or epidemics outbreaks can disrupt the supply chain and result in price fluctuations. Consequently, potential shortages or price fluctuations in critical raw materials and components pose significant challenges for these providers to navigate.

- **Rising labor costs.** Intelligent driving solution providers encounter notable labor expenses. The labor cost in terms of average annual salary in China has increased from RMB90.5 thousand in 2019 to RMB123.2 thousand in 2023, with a CAGR of 8.0%, and is expected to rise further with the expanding economy and aging population. Moreover, intelligent driving solution providers largely depend on the skills of their R&D personnel to maintain a competitive edge, and thus offer these talents attractive compensation and benefits. Consequently, the escalating labor costs pose substantial challenges for these providers.

### Historical Price Changes of Chips in Global and Chinese Intelligent Driving Solutions Industry

Chip costs constitute a significant portion, accounting for 30-40% of the total expense in providing intelligent driving solutions. Due to the pandemic's impact, there was a severe shortage of chips from 2021 to 2022, resulting in a notable increase in the global average price of mainstream chips. However, the chip supply has gradually stabilized in 2023, leading to a decrease in chip prices. Moving forward, as Chinese chip manufacturers continue to improve their technology and production capabilities, the localization of chips is expected to increase, thereby reducing the risk of structural chip shortage and stabilizing chip prices.

## ANALYSIS OF GLOBAL AND CHINESE INTELLIGENT CABIN SOLUTIONS INDUSTRY

### Overview of Global and Chinese Intelligent Cabin Solutions Industry

Intelligent cabin solutions refer to the installation of advanced software and hardware systems, possessing perception, monitoring and human-machine interaction capabilities for interactive communication. These solutions provide a comprehensive experience of safety, intelligence, convenience and enjoyment for drivers and occupants in a mobile space. Intelligent cabin solutions consist of domain controllers, in-cabin monitoring systems (IMS), automotive displays and head up displays, etc. In particular, IMS is a crucial component in the intelligent cabin solution. It is capable of monitoring the physiological status and behavioral patterns of drivers and occupants in real time, thereby significantly enhancing the safety and user experience of intelligent cabin solutions.

Driven by the accelerating deployment of automotive intelligence by OEMs, increasing consumer demands for intelligent features in vehicles and supportive policies and regulations, the market size for global intelligent cabin solutions, in terms of revenue, has increased rapidly from RMB130.2 billion in 2019 to RMB321.3 billion in 2023 and is expected to reach RMB769.4 billion in 2028, at a CAGR of 17.0% from 2024 to 2028, according to CIC. China is playing a significant role in driving the growth of intelligent cabin solutions. According to CIC, the market size for Chinese intelligent cabin solutions, in terms of revenue, has increased from RMB32.9 billion in 2019 to RMB106.9 billion in 2023 and is expected to reach RMB267.0 billion in 2028, with a CAGR of 18.2% from 2024 to 2028.

**Definition and Classification of In-cabin Monitoring System Solutions**

In-cabin monitoring system (IMS) refers to an advanced technological system designed to detect and monitor drivers, occupants and belongings inside the vehicle in real time. IMS solutions can identify risky behavior of drivers, issue timely warnings or take measures to ensure driving safety. Additionally, IMS solutions are capable of learning the habits of drivers and occupants, providing personalized services. As a result, IMS solutions are anticipated to become an essential component of automotive intelligence, enabling advanced multimodal interaction in intelligent cabins.

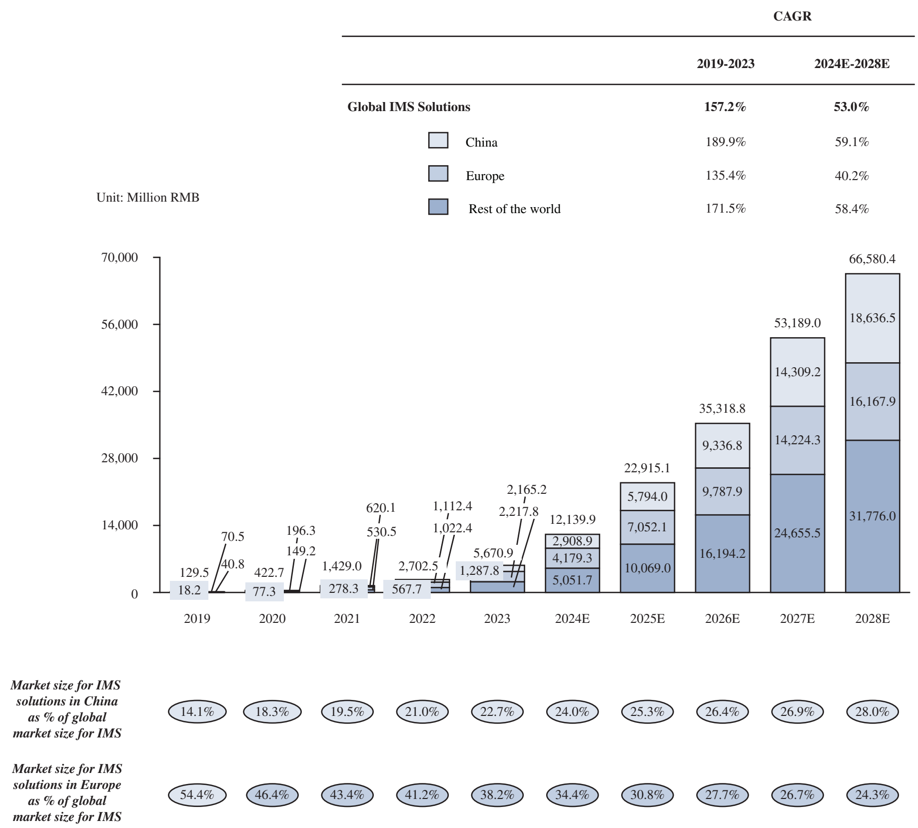
IMS typically consists of driver monitoring system (DMS) and occupant monitoring system (OMS). DMS refers to a system that relies on sensors to detect the facial expressions, eye movements, physiological signs and other data of drivers to assess their condition. The primary functions of DMS include monitoring fatigue, detecting distractions and observing risky driving behaviors. OMS can perform real-time detection of occupants and belongings in the cabin, providing safer experiences for all members. It also enables multimodal interactive functions such as gesture recognition to enhance occupant entertainment experience.

**Market Size for Global and Chinese IMS Solutions**

Driven by the gradual implementation of mandatory policies and regulations, the growing desire of consumers for driving safety and the booming development of the intelligent driving solutions industry, the market size for global IMS solutions in terms of revenue increased from RMB129.5 million in 2019 to RMB5,670.9 million in 2023 and is projected to reach RMB66,580.4 million in 2028, with a CAGR of 53.0% from 2024 to 2028.

The booming development of the NEV industry in China has provided a wide market space for the application and popularization of in-cabin monitoring technology. Additionally, the growth of Chinese IMS solutions industry has also been attributed to strong government policy support. According to CIC, the market size for Chinese IMS solutions in terms of revenue increased from RMB18.2 million in 2019 to RMB1,287.8 million in 2023, and is projected to reach RMB18,636.5 million by 2028, with a CAGR of 59.1% from 2024 to 2028. Europe has taken the initiative in enforcing mandatory requirements and establishing rating regulations for the installation of IMS solutions in new vehicles, thus becoming the largest market for IMS solutions in the world. According to CIC, the market size for Europe's IMS solutions in terms of revenue increased from RMB70.5 million in 2019 to RMB2,165.2 million in 2023, accounting for 38.2% of the overall market size for global IMS solutions. The following chart sets forth the market size for global IMS solutions in terms of revenue by region from 2019 to 2028.

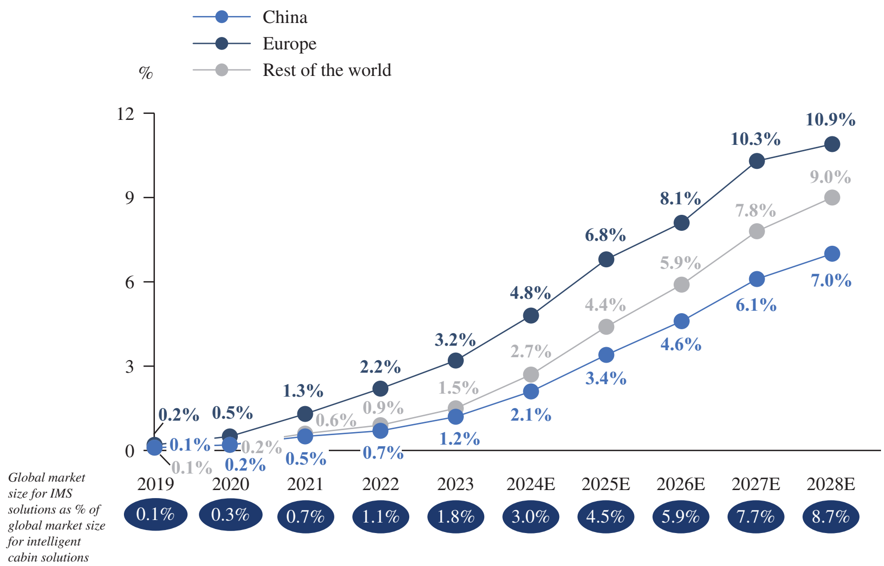
**Market Size for Global IMS Solutions, in terms of Revenue, by Region, 2019-2028E**




*Source: OICA, CPCA, CIC*

As the consumer demand for intelligent and safer driving experiences continues to grow, IMS solutions are becoming an increasingly indispensable component of intelligent cabin solutions with their ability to identify dangerous driving behaviors and prevent issues such as unattended children left in vehicles. Consequently, the market proportion of IMS solutions in the intelligent cabin solutions market is anticipated to witness further growth. The proportion of global IMS solutions market as of the global intelligent cabin solutions market reached 1.8% in 2023, and is expected to continue to reach 8.7% in 2028. In particular, the proportion of IMS solutions market in China and Europe as of the intelligent cabin solutions market has reached 1.2% and 3.2%, respectively, in 2023 and is projected to increase to 7.0% and 10.9%, respectively, in 2028.

**Proportion of IMS Solutions as of Intelligent Cabin Solutions Market, by Regions, 2019-2028E**




*Source: OICA, CPCA, CIC*

**Growth Drivers of Global and Chinese IMS Solutions Industry**

- ***Mature and advanced technology.*** With the continuous advancement and maturation of relevant technologies in the field of IMS, IMS solutions are anticipated to attain more sophisticated and powerful features. This will provide drivers and occupants with a superior experience of safety, convenience and enjoyment, thereby fostering the widespread adoption of IMS solutions in vehicles.

- ***Strong consumer demand for in-cabin intelligence and safety monitoring.*** As the desire for convenient and enjoyable in-cabin experience rises, in-cabin intelligence has become a key consideration for consumers. Additionally, there have been frequent accidents related to driver fatigue, dangerous driving behaviors and children being left unattended in vehicles in recent years, leading to an emphasis on in-cabin safety monitoring technology. The strong demand for enhanced intelligent and safety features is expected to further drive the adoption rate of DMS solutions and OMS solutions across the automobile industry.

- ***Rapid development of intelligent driving solutions.*** The widespread adoption of intelligent driving solutions has not only improved consumers' driving experiences, but also fueled their pursuit of more comfortable and intelligent in-cabin experiences, contributing to the growth in IMS solutions industry. In addition, intelligent driving solutions detect the vehicle's driving environment by leveraging advanced perception algorithms, which can also be utilized in IMS solutions to enhance the accuracy of monitoring and detecting functionalities. Therefore, the development of intelligent driving technology supports the advancement of IMS solutions industry.

- ***Supported by industry policies, laws and regulations.*** Supports by policies, laws and regulations is one of the key driving forces for IMS solutions industry. Europe has already taken the lead in implementing mandatory requirements and rating regulations for new vehicles to install IMS solutions. In China, the China Automotive Technology & Research Center officially released the 2024 edition of Chinese New Car Assessment Program (C-NCAP), which specifies that child presence detection (CPD) and DMS have become official rating factors in new car assessments. Meanwhile, other governments worldwide are progressively introducing relevant policies, regulations or technical standards to support the industry growth.

**Future Trends of Global and Chinese IMS Solutions Industry**

- ***Continuous enhancements in enriching functionalities and technologies.*** IMS solutions are crucial for improving cabin comfort and automotive safety. Through continuous technological upgrades, IMS solutions are anticipated to provide more intelligent functions that go beyond basic gesture and characteristic perception with high stability and accuracy, and expand from command-based features to interactive features. The ample functionalities of IMS solutions are expected to cater to the diverse needs of both drivers and occupants and enrich their in-cabin user experiences.

- ***Integration of IMS solutions and intelligent driving solutions.*** As intelligent driving solutions progress toward higher automation levels, intelligent driving solutions and IMS solutions are projected to be integrated in terms of functionalities, data, algorithms and hardware, creating a synergistic effect to ensure vehicle safety. Through integration, IMS solutions can effectively prompt drivers to timely detect and respond to objects and events during driving, thereby enhancing safety when transitioning from autonomous driving to manual control.

- ***Substantial demand for IMS solutions in global markets.*** Markets worldwide, such as Europe, have implemented regulations that mandate the compulsory adoption of IMS solutions, leading to robust market demand. The leading Chinese IMS solutions providers are persistently enhancing technology and product performance to meet international regulatory standards. Compared with providers in other countries, Chinese providers can offer more adaptable collaboration options and respond more swiftly in service delivery, better meeting the needs of international OEMs. Meanwhile, Chinese OEMs are expanding rapidly into global market, with Southeast Asia becoming an important export destination, presenting an opportunity for Chinese IMS solutions providers to seize the global market share by equipping their products on exported vehicles.

- ***Growth in large-scale AI model technology usage.*** Large-scale AI models possess strong capabilities in data processing, semantic understanding and perceptual recognition. By integrating large-scale AI model technology, IMS solutions can better meet the actual needs of drivers and occupants, enabling richer multimodal interaction capabilities. The application of large-scale AI model technology has become an important pathway in the industry to improve the overall intelligence level of IMS solutions and enhance interactive experience.

**Entry Barriers and Key Success Factors for Global and Chinese IMS Solutions Industry**

- ***Substantial technical and regulatory expertise.*** Developing IMS solutions requires a collaborative design of software and hardware systems, along with expertise in algorithms. New entrants often struggle to form a skilled R&D team quickly and acquire the necessary regulatory knowledge, resulting in challenges in developing competitive products with high performance and meeting compliance requirements to access market opportunities.

- ***Strong OEM client base.*** IMS solutions play a crucial role in ensuring driving safety, demanding high reliability and stability. Both Chinese and international OEMs have strict qualification criteria for providers, necessitating extensive and prolonged product validation processes. Consequently, newcomers to the industry face obstacles in swiftly gaining approval from OEMs, leading to delays in market entry. Providers with a strong client base and reputable brand enjoy an edge in maintaining existing clients while expanding into new ones, ultimately increasing their market share.

- ***First-mover advantage in global market.*** In the process of entering global markets, Chinese providers of IMS solutions possess a competitive edge in terms of response speed, technical capabilities and cost-effectiveness products. However, they face significant challenges in meeting mainstream product access criteria and gaining market acceptance, requiring a considerable amount of time and effort. Therefore, providers who entered global markets early enjoy a first-mover advantage. By obtaining relevant certifications abroad, they can establish strong brand influence and market acceptance ahead of others, subsequently capturing more market share.

- ***Comprehensive post-sales services and rapid response capabilities.*** It is crucial for IMS solutions providers to have strong post-sales services and fast response capabilities to maintain long-term customer cooperation. Comprehensive post-sales services allow providers to quickly respond to customer needs and effectively resolve issues, thus building deeper trust and increasing overall satisfaction. Additionally, by integrating customer feedback, providers can accelerate the iteration of products and technologies to align with current market needs.

**Threats and Challenges of Global and Chinese IMS Solutions Industry**

- **Increasingly intense competitive environment.** As the market potential for in-cabin intelligence becomes increasingly apparent, more players are entering the IMS solutions market, intensifying competition. Providers must not only develop more advanced algorithms and precise sensors to deliver high-performing products, but also adapt to changing policies, regulations and diverse global demands to ensure product competitiveness and achieve sustainable development.

- **Challenges of achieving broader market acceptance.** IMS solution remains an emerging market, and consumers may not be familiar with this new type of solution, hindering the widespread adoption of IMS solutions. Therefore, IMS solutions providers must focus on improving the performance of their solutions and intensifying marketing efforts to boost market acceptance and facilitate the widespread implementation of IMS technologies.

## OVERVIEW OF THE VEHICLE INFRASTRUCTURE COOPERATIVE SYSTEMS INDUSTRY IN CHINA

In the field of intelligent driving, there are two primary technological approaches: individual vehicle intelligence and vehicle infrastructure cooperation. Individual vehicle intelligence empowers vehicles to independently perceive and process information from their surroundings through onboard sensors and decision-making systems, while vehicle infrastructure cooperation focuses on exchanging and sharing information between vehicles and infrastructures to enhance the perceptual and decision-making capabilities of individual vehicles. These two aspects complement each other, contributing to the development of intelligent driving technologies and ultimately establishing a safe and efficient transportation ecosystem.

Vehicle infrastructure cooperative system refers to an advanced technological system that uses wireless sensing and V2X technologies to enable dynamic traffic information exchange among vehicles, infrastructures, pedestrians and roads. Key components for vehicle infrastructure cooperative system can be divided into intelligent onboard systems, intelligent roadside systems, communication platforms and cloud control platforms. By continuously collecting and integrating traffic information across all time and space, the vehicle infrastructure cooperative system can improve road safety and enhance collaborative management on traffic flows. It can also synchronize data from roadside units to extend vehicles' perception range, covering more blind spots for improved safety and automation in intelligent driving solutions.

Considering the benefits brought by vehicle infrastructure cooperative systems, intelligent driving solutions providers and mobility service providers, as well as operators in the transportation infrastructure and public utility management sectors such as local government authorities and expressway companies are actively cooperating with vehicle infrastructure cooperative system providers. The cooperation aims to promote the application of vehicle infrastructure cooperative systems to enhance traffic flows monitoring and digital management, thereby creating significant market opportunities for vehicle infrastructure cooperative system providers.

The development of roadside infrastructures and key technologies has significantly driven the development of the vehicle infrastructure cooperative systems industry in China. Additionally, the PRC government has introduced supportive policies and regulations, creating a favorable operational environment for the growth of the vehicle cooperative infrastructure systems industry in China. According to CIC, the market size for Chinese vehicle infrastructure cooperative systems increased from RMB16.1 billion in 2019 to RMB70.9 billion in 2023 with a CAGR of 44.9% from 2019 to 2023, and is projected to reach RMB168.5 billion in 2028 with a CAGR of 15.3% from 2024 to 2028.

**Key Drivers and Trends of the Vehicle Infrastructure Cooperative Systems Industry in China**

- **Advancements in key technologies.** The integrated application of C-V2X communication technology, AI and 5G integration technology, edge computing technology, as well as intelligent driving technology, has not only enhanced vehicles' intelligent driving capabilities but also provided stronger and more reliable support for the implementation of vehicle infrastructure cooperative systems, which has significantly propelled the rapid development of the vehicle infrastructure cooperative industry in China.

- **Continuous improvements of roadside infrastructures.** Roadside infrastructure is crucial for enabling V2X communication and information interaction between vehicles and the surrounding environment. Specifically, 5G networks enhance communication among various, while the installation of monitoring devices on roads and intersections enables real-time collection of traffic and vehicle data, supporting the implementation of vehicle infrastructure cooperative systems.

- **Supported by favorable policies and regulations.** To accelerate the commercialization of vehicle infrastructure cooperative systems and stimulate the development of the industry, the Chinese government has introduced a series of supportive policies and regulations to plan a rational development path and ensure the enhancement of necessary infrastructures for the vehicle infrastructure cooperative systems industry. For instance, the MIIT released the Notice on Carrying Out Pilot Program of Vehicle-Road-Cloud Integrated System for Intelligent Connected Vehicles (《關於開展智能網聯汽車"車路雲一體化"應用工作試點的通知》), which selects a group of high-standard intelligent connected vehicles and V2X projects, including road infrastructures and cloud control platforms, as pilot programs in designated areas. Meanwhile, unified technical specifications and evaluation standards will be developed to ensure the safety and smooth commercialization of vehicle infrastructure cooperative systems.

**Entry Barriers for the Vehicle Infrastructure Cooperative Systems Industry in China**

- **Technical barrier.** Developing vehicle infrastructure cooperative systems is a complex endeavor that demands providers to possess substantial technical expertise in perception devices such as radars and cameras, V2X communication technologies and various algorithms. Consequently, it can be difficult for new industry entrants to rapidly build a capable R&D team and acquire the necessary knowledge and experience within a short timeframe.

- **Customer resource barrier.** Vehicle infrastructure cooperative system providers offer products to a diverse range of customers, including local government authorities, mobility service providers, expressway companies, etc. For new entrants, it can be challenging to rapidly acquire a robust customer resource, which in turn extends the time required to penetrate the market.

- **Capital investment barrier.** Developing vehicle infrastructure cooperative systems is a capital-intensive task. Providers need to allocate considerable resources towards the research and design of these customized products in order to maintain product diversification and competitiveness. Therefore, the need for substantial upfront investment in equipment, research and development, as well as marketing, represents a significant barrier that can impede the growth of new market entrants.

**Threats and Challenges of the Vehicle Infrastructure Cooperative Systems Industry in China**

- **Increasingly intense competitive environment.** The vehicle infrastructure cooperative systems industry presents significant growth potential with the increasing participation of numerous companies. To thrive in this increasing competitive landscape, providers must prioritize the development and provision of innovative, high-quality products and services to maintain competitiveness.

- **Rapid iteration of technology.** The vehicle-infrastructure cooperative systems industry is undergoing rapid development, which requires providers to accelerate technological iteration and advancement. Consequently, providers that lack the necessary technological competitiveness and innovation capabilities may face the risk of being eliminated from the market.

## SOURCE OF INFORMATION

In connection with the Global Offering, we engaged CIC, an independent market research consultant, to conduct an analysis of and to prepare a report about the Chinese automotive intelligence solutions industry. The CIC Report has been prepared by CIC independent of the influence of our Group and other interested parties. We have agreed to pay CIC a total fee of RMB500,000 for the preparation and use of the CIC Report, and we believe that such fees are consistent with the market rate. CIC is a consulting firm founded in Hong Kong and provides professional industry consulting services across multiple industries. CIC's services include industry consultancy services, commercial due diligence and strategic consulting.

CIC conducted both primary and secondary research using a variety of resources. Primary research involved interviewing key industry experts and leading industry participants. Secondary research involved analyzing data from various publicly available data sources. The market projections in the commissioned report are based on the following key assumptions: (i) given China's enduringly stable political system, effective social governance and robust economic foundation, it is anticipated that the overall social, economic and political environments in China will remain stable during the forecast period; (ii) according to the National Bureau of Statistics of China, key economic indicators such as gross Domestic Product ("GDP"), industrial added value and urbanization rate have shown an upward trend in China over the past decade. Therefore, we believe that the economic and industry development in China is likely to maintain a steady growth trajectory during the forecast period, accompanied by continuing urbanization; (iii) related key industry drivers such as continuous improvement in technologies and acceleration in automotive intelligent layout in OEMs are likely to propel continued growth in the Chinese automotive intelligence solutions industry throughout the forecast period; and (iv) there will be no extreme force majeure event or unforeseen industry regulation that may significantly or fundamentally affect the relevant market and industry.

Unless otherwise specified, all data and forecasts contained in this section are derived from the consultancy report of CIC. The Directors, upon acting with reasonable prudence, confirmed that there has been no occurrence of adverse change in the overall market information that would subject the data to significant restrictions, contradiction or negative effects since the date of the consultancy report.

## PRC LAWS AND REGULATIONS

We are subject to various PRC laws, rules and regulations that affect many aspects of our business. This section provides an overview of the PRC laws, regulations and rules we believe to be relating to our business and operation.

## REGULATIONS ON COMPANY ESTABLISHMENT AND FOREIGN INVESTMENT

Pursuant to the PRC Company Law promulgated by the Standing Committee of the National People's Congress (the "**NPCSC**") on December 29, 1993, which was amended on December 25, 1999, August 28, 2004, October 27, 2005, December 28, 2013, October 26, 2018, and December 29, 2023 respectively and became effective on July 1, 2024, the Company Law shall apply to all companies established in the PRC. The Company Law, which regulates the establishment, corporate structure and management of companies, also applies to foreign-invested companies. Where laws on foreign investment provide otherwise, such provisions shall prevail.

Pursuant to the Foreign Investment Law of the People's Republic of China (《中華人民共和國外商投資法》) promulgated by the NPC on March 15, 2019 and effective on January 1, 2020, and the Regulations for the Implementation of the Foreign Investment Law of the People's Republic of China (《中華人民共和國外商投資法實施條例》) promulgated by the State Council on December 26, 2019 and effective January 1, 2020, China will further expand its opening to the outside world, actively promote foreign investment, protect the legitimate rights and interests of foreign investment and regulate the management of foreign investment. Foreign-invested enterprises shall equally apply the state policies on supporting the development of enterprises in accordance with the law. The capital contributions, profits, capital gains, proceeds from the disposal of assets, royalties from the licensing of intellectual property, compensation or indemnification obtained in accordance with the law, and proceeds from liquidation of a foreign investor within the territory of China may be freely remitted into and out of the territory of China in Renminbi or foreign exchange in accordance with the law. The State adopts the management system of pre-establishment national treatment and Negative List for foreign investment. The State will give national treatment to foreign investments beyond the Negative List. No foreign investors shall be allowed to invest in the industries where foreign investment is prohibited by the Negative List; while for the industries restricted by the Negative List, restrictive access special management measures such as equity requirements and senior management requirements as stipulated in the Negative List shall be met before the foreign investment can be made. As for industries not included in the Negative List, the foreign and domestic investments shall be treated as the same in terms of administration.

According to the Negative List issued by the NDRC and the MOFCOM on September 6, 2024 and effective on November 1, 2024, and the Catalogue of Industries for Encouraging Foreign Investment (2022 Edition) (《鼓勵外商投資產業目錄(2022年版)》) issued by the MOFCOM and the NDRC on October 26, 2022 and effective on January 1, 2023, our business does not fall within the scope of the Negative List and is not subject to special management measures.

Pursuant to the Measures for the Reporting of Foreign Investment Information (《外商投資信息報告辦法》), which was jointly promulgated by the MOFCOM and the State Administration for Market Regulation (the "**SAMR**") on December 30, 2019 and came into effect on January 1, 2020, if a foreign investor directly or indirectly carries out investment activities in China, the foreign investor or foreign-invested enterprise shall report the investment information to the competent commerce authorities.

Pursuant to the Measures for Security Review of Foreign Investments (《外商投資安全審查辦法》) promulgated by the NDRC and the MOFCOM on December 19, 2020 and effective from January 18, 2021, the NDRC and the MOFCOM shall set up the Office of Working Mechanisms under the NDRC, which is responsible for the security review of foreign investments. The Measures for Security Review of Foreign Investment define foreign investment as direct or indirect investment by a foreign investor in China, which includes (i) investing in a new domestic project or establishing a wholly foreign-owned company or a joint venture with a foreign investor; (ii) acquiring the equity or assets of a domestic enterprise by way of merger or acquisition; and (iii) investing in the country by other means. Investments in certain key areas related to national security, such as important cultural products and services, important information technology and Internet products and services, key technologies and other important areas related to national security, so as to obtain actual control of the invested enterprise, must be declared to the Office of the Working Mechanism prior to the making of the relevant investment.

## REGULATIONS AND INDUSTRY STANDARDS RELATED TO THE AUTONOMOUS DRIVING AND INTELLIGENT CONNECTED VEHICLES INDUSTRY

In 2006, China Automotive Technology and Research Center officially established the C-NCAP based on fully considering the actual situation of road traffic accidents in China, combined with China's automotive standards, technology, and economic development level. With the smooth implementation of C-NCAP and the in-depth study of C-NCAP, China Automotive Technology and Research Center has also improved and upgraded the C-NCAP Management Code many times, which has been amended in 2006, 2009, 2012, 2015, 2018, 2021 and 2024.

C-NCAP aims at establishing a high standard, fair and objective vehicle safety performance evaluation method to promote the development of vehicle safety technology and pursue higher safety concept. The significance of the project is to provide consumers with safety information of newly released vehicles, promote production enterprises to strengthen attention to safety standards, improve vehicles' safety performance and technology level, and enable vehicles' excellent safety performance to be reflected in the evaluation. Moreover, C-NCAP will rate the pilot with stars based on the overall scoring rate of three aspects: passenger protection, vulnerable road user ("**VRU**") protection and active safety. The scoring rate for passenger protection, VRU protection and active safety shall be calculated according to the test item respectively, and the scoring rate shall be multiplied by the weight coefficients of the three parts and the final result shall be the comprehensive scoring rate. The standards for star-level rating of comprehensive scoring rate are: no less than 92% shall be rated as 5+ star, no less than 83% and no more than 92% shall be rated as 5 stars, no less than 74% and no more than 83% shall be rated as 4 stars, no less than 65% and no more than 74% shall be rated as 3 stars, no less than 45% and no more than 65% shall be rated as 2 stars and a rating of less than 45% is 1- star.

According to the Development Plan for a New Generation of Artificial Intelligence (《新一代人工智能發展規劃》) promulgated by the State Council on July 8, 2017 and effective on the same day (effective from July 8, 2017), a major breakthrough in the basic theories of AI shall be achieved by 2025, some technologies and applications shall reach the world's leading level, AI shall become a major driving force to drive China's industrial upgrading and economic transformation, and positive progress shall be made in the construction of an intelligent society. By 2030, with AI theories, technologies and applications in general reaching the world's leading level, China shall become the world's major artificial intelligence innovation center, achieving significant results in intelligent economy and intelligent society, and laying an important foundation for being among the forefront of innovative countries and economic powerhouses.

According to the Automotive Driving Automation Classification (《汽車駕駛自動化分級》) promulgated by the Ministry of Industry and Information Technology of the People's Republic of China (the "**MIIT**") on March 9, 2020 (which became a recommended national standard on January 1, 2021), driving automation is classified into six grades ranging from 0 to 5. Level 0 refers to Emergency Assistance, Level 1 refers to Partial Driving Assistance, Level 2 refers to Combined Driving Assistance, Level 3 refers to Conditional Autonomous Driving, Level 4 refers to Highly Autonomous Driving, and Level 5 refers to Fully Autonomous Driving.

The MIIT, the Ministry of Public Security (the "**MPS**") and the Ministry of Transport (the "**MOT**") jointly issued and implemented the Rules for the Administration of the Road Testing and Demonstrative Application of Intelligent Connected Vehicles (for Trial Implementation) (《智能網聯汽車道路測試與示範應用管理規範(試行)》) on July 27, 2021, which was implemented from September 1, 2021, any entity intending to conduct a road testing of autonomous driving vehicles must obtain a road-testing certificate and a temporary license plate for each tested vehicle. To qualify for above testing certificate and temporary license plate, an applicant entity must satisfy, among others, the following requirements: (1) it must be an independent legal person registered in PRC with the capacity to conduct intelligent connected vehicles-related businesses such as manufacturing, technological research and testing of vehicles and vehicle parts, which has established protocol to test and assess the performance of autonomous driving system and is capable of conducting real-time remote monitor of the road tested vehicles, and with the ability of event recording, analysis and reproduction of the vehicles under road testing and ensuring the network security of the vehicles under road testing and the remote monitor platforms; (2) the vehicle under road testing must be equipped with a driving system that can switch between autonomous pilot mode and human operating mode in a safe, quick and simple manner and allows human driver to take control of the vehicle any time immediately when necessary; (3) the tested vehicle must be equipped with the functions of recording, storing and real-time monitoring the condition of the vehicle and is able to transmit real-time data of the vehicle, such as the driving mode, location and speed; (4) the applicant entity must sign an employment contract or a labor service contract with the driver of the tested vehicle, who must be a licensed driver with more than three years' driving experience and a track record of safe driving and is familiar with the testing protocol for autonomous driving system and proficient in operating the system; (5) the applicant entity must insure each tested vehicle for at least RMB5 million against car accidents or provide a letter of guarantee covering the same. In addition, during testing, the testing entity should post a noticeable identification logo for autonomous driving test on each tested car and should not use autonomous driving mode unless in the permitted testing areas specified in the road-testing certificate. If the testing entity intends to conduct road testing in the region beyond the administrative territory of the certificate issuing authority, it must apply for a separate road-testing certificate and a separate temporary license plate from the relevant authority supervising the road-testing of autonomous cars in that region.

On March 24, 2021, the MPS promulgated the Road Traffic Safety Law (Revised Proposal Draft) (《道路交通安全法(修訂建議稿)》), which stipulates that vehicles with autonomous driving functions should pass road testing on closed roads and venues, obtain temporary driving license plates, and conduct road testing at designated times, areas, and routes according to regulations. Those who have passed the test and are allowed to be produced, imported, or sold in accordance with relevant laws and regulations, and those who need to pass on the road shall apply for a motor vehicle license plate. Moreover, vehicles with autonomous driving function and manual direct operation mode should record real-time driving data when conducting road tests or passing on the road; the driver should be in the driver's seat of the vehicle, monitor the operation status and surrounding environment of the vehicle, and be ready to take over the vehicle at any time. In case of road traffic safety violations or traffic accidents, the responsibility of the driver and the development unit of the autonomous driving system shall be determined according to law, and the liability for damages shall be determined in accordance with relevant laws and regulations. If a crime is constituted, criminal responsibility shall be pursued in accordance with the law. And vehicles with autonomous driving function but without manual direct operation mode shall be separately stipulated by relevant departments of the State Council for road traffic. Furthermore, the autonomous driving function should be tested and qualified by a third-party testing agency engaged in automotive related business with corresponding qualifications. On April 29, 2021, the NPCSC promulgated the updated Road Traffic Safety Law (《道路交通安全法》), As of the Latest Practicable Date, the aforementioned provisions of the Road Traffic Safety Law (Revised Proposal Draft) have not been formally adopted.

According to the Opinions of the Ministry of Industry and Information Technology on Strengthening the Management of Intelligent Connected Vehicle Manufacturing Enterprises and Product Entry (《工業和信息化部關於加強智能網聯汽車生產企業及產品准入管理的意見》) issued by the MIIT on July 30, 2021, the enterprises should strengthen the data security management capability, strengthen the network security guarantee capability, strengthen the enterprise management capability and ensure the consistency of the product production. In addition, the enterprises shall enhance the product management: (i) enterprises shall strictly fulfill their duty to inform. Enterprises producing automobile products with driver-assistance and self-driving functions shall clearly inform users of the vehicle function and performance limitations, the driver's duties, indication information of man-machine interaction equipment, and the ways and conditions for activating and withdrawing the functions; (ii) Enterprises shall strengthen the safety management of products with combined driving assistance functions; (iii) Enterprises shall strengthen the safety management of products with Autonomous Driving functions; and (iv) Enterprises shall ensure reliable spatial and temporal information services.

The MIIT and the Standardization Administration of China issued the Guidelines for the Construction of National Standard System for Telematics Industry (Intelligent Connected Vehicles) (《國家車聯網產業標準體系建設指南(智能網聯汽車)》) on July 18, 2023, which came into effect on the same day. The document provides a systematic planning and deployment of the Chinese standard system for Intelligent Connected Vehicles ("**ICV**"), and defines the framework of the standard system for ICVs, which is divided into four parts: the foundation, the general specifications, the products and technical applications, and the related standards. On December 25, 2018, the MIIT issued the Action Plan for the Development of the Telematics (Intelligent Connected Vehicles) Industry (《車聯網(智能網聯汽車)產業發展行動計劃》), clearly stipulating that we shall give full play to the basic, guiding and standardizing role of the standard system in the Telematics industry ecosystem, accelerate the implementation of the Guidelines for the Construction of the National Standard System for Telematics Industry (《國家車聯網產業標準體系建設指南》), and update, supplement, and improve the guidelines in due course according to the needs of industrial development.

On December 20, 2020, the MOT promulgated the Guidance of Ministry of Transport on Promoting the Development and Application of Autonomous Driving Technology (《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 provides specific guidance on promoting the development and application of autonomous driving technology in terms of strengthening technological R&D promoting infrastructure intelligence, and carrying out pilot demonstrations.

On May 15, 2023, the China Association of Automobile Manufacturers released the Automotive Intelligent Cockpit Interaction Experience Test and Evaluation Procedures (Draft for Comments) (《汽車智能座艙交互體驗測試評價規程(徵求意見稿)》), which stipulates the terminology and definitions, the evaluation index system, the classification of grades, and the test and evaluation methodology of the Automotive Intelligent Cockpit Interaction Experience Test and Evaluation Procedures. The Automotive Intelligent Cockpit Interaction Experience Test and Evaluation include the evaluation on usefulness, safety, efficiency, cognition, intelligence, value, and aesthetics.

On November 17, 2023, the MIIT, the MPS, the Ministry of Housing and Urban-Rural Development (the "**MOHURD**"), and the MOT jointly issued the Notice on the Pilot Work on the Admission and Road Access of Intelligent Connected Vehicles (《關於開展智能網聯汽車准入和上路通行試點工作的通知》) (the "**Notice of Pilot Work**"). The Notice of Pilot Work requires the automobile manufacturers and the users to form a consortium for declaration, which shall be approved by the people's government of the city of operation, reviewed by the competent provincial department of industry and information technology in conjunction with other relevant authorities and reported to the MIIT. Ultimately, the MIIT, the MPS, the MOHURD and the MOT will organize experts to conduct a preliminary review of the declared proposals and decide on the consortiums that will participate in the pilot operation.

On November 21, 2023, the MOT issued the Guidelines for Transportation Safety Services of Autonomous Driving Cars (Trial) (《自動駕駛汽車運輸安全服務指南(試行)》) (the "**Service Guidelines**"). The Service Guidelines specifies the applicable scenarios of autonomous driving cars, i.e., the use of autonomous driving cars in urban roads, highways and other types of roads used for the passage of motor vehicles, to engage in passenger transport by bus and tram, passenger transport by taxi, road passenger transport operations, road cargo transportation business activities. It also clarifies that autonomous driving cars refer to conditional autonomous driving cars, highly autonomous driving cars and fully autonomous driving cars as specified in the national standard of Automotive Driving Automation Classification (《汽車駕駛自動化分級》), i.e., the widely known L3, L4 and L5 level autonomous driving cars.

According to the Interim Provisions on Radio Management of Automobile Radar (《汽車雷達無線電管理暫行規定》) promulgated by the MIIT on November 16, 2021 and effective from March 1, 2022, the automobile radar equipment manufactured or imported for domestic sale or use shall comply with the RF Technical Requirements for Automobile Radar and apply for the radio type approval of the radio transmitting equipment from the national radio administration agency.

## REGULATIONS RELATING TO SURVEYING AND MAPPING SERVICES

On December 28, 1992, the NPCSC promulgated the Surveying and Mapping Law of the People's Republic of China (《中華人民共和國測繪法》), or the Surveying and Mapping Law, which was last amended on April 27, 2017 and became effective on July 1, 2017. According to the Surveying and Mapping Law, entities that engage in surveying and mapping activities shall meet specific requirements and obtain the necessary qualification certificates of surveying and mapping for corresponding grades. Any entity that engages in surveying and mapping activities without relevant qualification certificate shall be ordered to stop the illegal behavior, and be deprived of unlawful gains as well as surveying and mapping work products. In addition, the entity shall be subject to a fine of not less than the amount of, but not more than twice the amount of, the illegal gains from its surveying and mapping activities. In the event of serious violation, the surveying and mapping tools shall be confiscated. Any foreign entity or individual engaging in surveying and mapping activities without approval or without cooperation with relevant PRC department or entity, the foreign entity or individual shall be ordered to stop the illegal behavior, and be deprived of unlawful gains, surveying and mapping work products as well as tools. In addition, the foreign entity or individual shall be subject to a fine of RMB100,000 to RMB500,000. In the event of serious violation, the foreign entity or individual shall be subject to a fine of RMB500,000 to RMB1,000,000 and shall be ordered to leave the country within a specified period or expelled from the country. If constituting a crime, the foreign entity or individual shall be investigated for criminal liability in accordance with applicable laws.

Pursuant to the Administrative Rules of Surveying Qualification Certificate (《測繪資質管理辦法》和《測繪資質分類分級標準》), as most recently amended by the Ministry of Natural Resources of the People's Republic of China, or the MNR, effective from July 1, 2021, entities conducting surveying and mapping activities in the territory of China, as well as other territorial sea under the jurisdiction of China, shall obtain a Surveying and Mapping Qualification Certificate, and conduct surveying and mapping activities within the specialized categories and restricted scope permitted by their Surveying and Mapping Qualification Certificate.

On July 26, 2024, the MNR issued the Circular on Strengthening the Management of the Security of Surveying and Mapping Geographic Information Related to Intelligent Connected Vehicles (《關於加強智能網聯汽車有關測繪地理信息安全管理的通知》) ("**Circular 139**"), placing renewed emphasis on the security of surveying and mapping geographic information. This follows the issuance of the Circular on Promoting the Development of Intelligent Connected Vehicles and Protecting the Security of Surveying and Mapping Geographic Information (《關於促進智能網聯汽車發展維護測繪地理信息安全的通知》) ("**Circular No. 1**") in August 2022, and the MNR has once again clarified the difficulties in the regulation of surveying and mapping compliance related to intelligent connected vehicles in the form of a circular after a lapse of nearly two years, and clarified the focus of compliance related to the processing of geographic information data. Circular 139 reaffirms the definition of mapping activities related to intelligent networked vehicles as "collection, storage, transmission, and processing of geographic information and data (including road topology data), including spatial coordinates, real-scene images (videos, images and other environmental perception data), point clouds and their attribute information of vehicles and surrounding road facilities, during the operation, service, and testing of intelligent connected vehicles" constitute surveying and mapping activity. Pursuant to Circular No. 1: (i) from the perspective of the current market operation, most of the subjects that engage in data collection, storage, transmission, and processing are automobile enterprises and service providers, and some are intelligent driving software providers. Intelligent connected vehicle drivers and passengers who only receive driving assistance and other services are not actors of the relevant surveying and mapping activities; (ii) for any automobile enterprise, service provider, or intelligent driving software provider that needs to engage in the collection, storage, transmission, and processing of the relevant data, if it is a domestic enterprise, it shall obtain the corresponding surveying and mapping qualification in accordance with the law, or it shall entrust an entity with the corresponding surveying and mapping qualification to carry out the corresponding surveying and mapping activities; if it is a foreign-invested enterprise, it shall entrust an entity with the corresponding surveying and mapping qualification to carry out the corresponding surveying and mapping activities, and the entrusted entity shall be responsible for the collection, storage, transmission, and processing of the relevant spatial coordinates, images, and point clouds and their attribute information, and for the provision of geographical information and services.

As for the Group, its vehicle infrastructure cooperative systems are "turnkey" projects where, upon completion of the projects, the Group "hands over" the "key" to its client in accordance with relevant contracts and thus the client will have the full ownership and control over the V2X systems, which are ready to operate. Accordingly, although the Group's vehicle infrastructure cooperative systems, which integrate perception devices with V2X communication technology, are capable of automatically gathering real-time data on vehicle operations and road conditions (see "Business—Our Business—Vehicle Infrastructure Cooperative System"), the Group is not involved in any of such data collection, storage, transmission and processing during the operation, service and testing of intelligent connected vehicles and is not aware of whether and which client(s) collected such data. Our PRC Legal Advisor is of the view that the relevant compliance obligation related to the said data collection, storage, transmission and processing is not on the Group.

## REGULATIONS ON INTERNET INFORMATION SECURITY, PRIVACY PROTECTION AND AUTOMOTIVE DATA SECURITY

### Internet Information Security

The Decision on Maintaining Internet Security (《關於維護互聯網安全的決定》), promulgated by the NPCSC on December 28, 2000, and amended in August 2009, stipulates that the following activities carried out through the Internet will be subject to criminal penalties if they constitute crimes under Chinese law: (i) hacking into computers or systems of strategic importance; (ii) deliberately making and spreading destructive programs such as computer viruses to attack computer systems and communication networks, causing damage to computer systems and communication networks; (iii) unauthorized interruption of computer network or communication services in violation of laws and regulations; (iv) divulging state secrets; (v) dissemination of false commercial information; or (vi) using the Internet to infringe intellectual property rights.

According to the Cybersecurity Law of the People's Republic of China (《中華人民共和國網絡安全法》) promulgated by the NPCSC on November 7, 2016 and effective as of June 1, 2017, network owners, administrators, and network service providers are required to undertake a variety of cybersecurity protection obligations as network operators, including but not limited to: (i) Fulfilling the security protection responsibilities stipulated in the network security level protection system, including formulating internal security management rules and operational guidelines, designating the person responsible for network security and his/her duties, adopting technical measures for preventing computer viruses, network attacks, network intrusion and other behaviors that jeopardize network security, and adopting technical measures for monitoring and recording the network operation status and network security events; (ii) formulating contingency plans to respond to and address security risks in a timely manner, activating contingency plans in the event of a cybersecurity threat, taking appropriate remedial measures, and reporting to the regulator; and (iii) following the principles of legality, legitimacy and necessity, disclosing the rules of collection and use, expressing the purpose, method and scope of collection and use of information, and obtaining the consent of the collected person when collecting and using personal information.

According to the Measures for the Administration of Information Security Level Protection (《信息安全等級保護管理辦法》) promulgated by the MPS, the National Administration of State Secrets Protection, the State Cryptography Administration Office of Security Commercial Code Administration (OSCCA), and the Informatization Work Office of the State Council (revoked) on June 22, 2007, and effective on the same day, the units operating and using information systems should fulfill the responsibility of protecting information systems at multiple levels, and the information system at or above the second level that has been operated (in operation) shall, within 30 days after the security protection level is determined, be filed by the operator or user with the public security organ at or above the municipal level where it is located. New information systems above the second level, shall, within 30 days after its operation, be filed by the operator or user with the public security organ at or above the municipal level where it is located.

The Data Security Law, promulgated by the NPCSC on June 10, 2021, and effective on September 1, 2021, provides that organizations and individuals carrying out data activities shall establish a system for the classification and protection of data, and formulate a catalog of important data in order to strengthen the protection of important data. Processors of important data shall specify the person in charge of data security and the management organization, and implement the responsibility for data security protection. The relevant departments will formulate measures for the cross-border flow of important data. If any company violates the Data Security Law by providing important data outside the country, the company may be subject to administrative penalties, including penalties, fines and/or suspension of the relevant business or revocation of the business license. In addition, the Data Security Law imposes national security reviews on data activities that affect or may affect national security and imposes export controls on certain data and information.

According to the Regulations on the Security Protection of Critical Information Infrastructure (《關鍵信息基礎設施安全保護條例》) promulgated by the State Council on July 30, 2021 and effective from September 1, 2021, critical information infrastructure refers to the information infrastructure and information systems in the public communication and information services, energy, transportation, water conservancy, finance, public services, e-government and other important industries and fields, as well as other critical information infrastructure and information systems which may seriously endanger national security, national livelihood and public interest once they are damaged, lose their functions or their data is leaked. According to the Regulations on the Security Protection of Critical Information Infrastructure, the relevant government departments are responsible for formulating rules for the determination of critical information infrastructure with reference to a number of factors stipulated in the Regulations, and for further determining the critical information infrastructure operators in the relevant industries on the basis of such rules. The relevant authorities shall also notify the operator that it is recognized as a critical information infrastructure operator. In addition, the Regulations on the Security Protection of Critical Information Infrastructure have clear requirements on the responsibilities and obligations of operators: (i) the operator shall establish and improve the network security protection system and responsibility system, and guarantee the investment of human, financial and material resources; (ii) the operator shall set up a specialized security management organization, and conduct security background checks on the person in charge of the specialized security management organization and key position holders; (iii) the operator shall guarantee the operating funds of the specialized security management organization, equip it with corresponding personnel, and decisions related to network security and informatization shall be carried out with the participation of personnel of the specialized security management organization; (iv) the operators shall give priority to the procurement of secure and trusted network products and services; and the procurement of network products and services that may affect national security shall be subject to security review in accordance with national network security regulations. The Regulation on the Security Protection of Critical Information Infrastructure has also specified the penalties, such as fines, for the failure of critical information infrastructure operators to fulfill their security protection responsibilities.

According to the Measures for Cybersecurity Review (《網絡安全審查辦法》) jointly promulgated by the Cyberspace Administration of China (the "**CAC**"), the NDRC, the MIIT, the MPS, the Ministry of State Security, the MOF, the MOFCOM, the PBOC, the SAMR, the National Radio and Television Administration, the CSRC, the National Administration of State Secrets Protection and the State Cryptography Administration on December 28, 2021 and effective on February 15, 2022, there are two triggering mechanisms for cybersecurity review: (a) declaration for review initiated by enterprises: applicable to (i) procurement of network products and services by operators of critical information infrastructures; and (ii) listing abroad by operators of network platforms holding personal information of more than one million users; and (b) review initiated by the regulatory authorities: For network products and services and data-processing activities that members of the working mechanism for network security review believe affect or may affect national security, the Network Security Review Office shall report to the Central Cyberspace Affairs Commission for approval before initiating a network security review.

According to the Regulations on the Network Data Security Management (Draft for Public Comments) (《網絡數據安全管理條例(徵求意見稿)》) promulgated by the CAC on November 14, 2021, data processors shall be responsible for the security of the data they process, fulfill their obligations to protect the security of the data, accept governmental and social supervision, and assume social responsibility. Data processors shall, in accordance with the provisions of relevant laws and administrative regulations and the mandatory requirements of national standards, establish and improve data security management systems and technical protection mechanisms. The State Council issued the Regulations on the Network Data Security Management (《網絡數據安全管理條例》) on September 24, 2024, which will take effect on January 1, 2025.

Pursuant to the Measures for Security Evaluation for Transfer of Data to Foreign Countries (《數據出境安全評估辦法》) issued by the CAC on July 7, 2022 and coming into effect on September 1, 2022, data processors providing data abroad shall, in any of the following circumstances, apply for security evaluation for transfer of data to foreign countries with the CAC through their local provincial-level Internet information department: (i) when a data processor transfers important data to overseas recipients; (ii) when a critical information infrastructure operator (CIIO), or a data processor who handles personal information of more than one million individuals transfers personal information to overseas recipients; (iii) when a data processor, who has transferred personal information of more than 100,000 individuals, or sensitive personal information of more than 10,000 individuals to overseas recipients since January 1 of the previous year, transfers personal information to overseas recipients; and (iv) other circumstances under which security evaluation of cross-border data transfers is required as prescribed by the CAC.

On December 8, 2022, the MIIT issued the Measures for the Management of Data Security in the Field of Industry and Information Technology (for Trial Implementation) (《工業和信息化領域數據安全管理辦法(試行)》), which came into effect on January 1, 2023. The purpose of the Measures is to regulate data processing activities in the field of industry and information technology carried out by the relevant data processors in China. It applies to industrial enterprises, software and information technology service enterprises, and enterprises that have obtained a license to operate telecommunications services, which decide on their own the purpose and manner of processing in their data processing activities. Data processing activities include, but are not limited to, activities such as data collection, storage, use, processing, transmission, provision, and disclosure. According to the Measures, data in the field of industry and information technology include industrial data, telecommunications data and radio data generated and collected in the course of operating related services. It stipulates that data in the field of industrial and information technology is classified into three levels, namely general data, important data or core data. Besides, it has also specified the specific requirements for the classification and hierarchical management of data and data protection measures, including the collection, storage, processing, transmission, disclosure and destruction of data by data processors in the field of industrial and information technology. In particular, important data and core data processors shall file important data and core data catalogs with the relevant authorities. The filing content includes, but is not limited to, the basic information on the data category, level, scale, purpose and mode of processing, scope of use, responsible parties, external sharing, cross-border transmission, and security protection measures. If the scale of important data and core data (number of data entries or total amount of storage, etc.) changes by more than 30%, or if the content of other filings changes, the data processor shall update the filings with the relevant authorities within three months of the change. In addition, it has set out the data security requirements for cross-border and data transmission by data processors. If a data processor needs to transfer data due to merger, reorganization, bankruptcy or other reasons, it shall specify the data transfer plan and notify the affected users. In addition, it states that the legal representative or principal officer of the data processor is the first person responsible for data security, and the members of the leadership team in charge of data security are directly responsible for data processing activities.

According to the Guidelines for Declaration for Security Evaluation for Transfer of Data to Foreign Countries (Second Edition) (《數據出境安全評估申報指南(第二版)》) and the Provisions on Promoting and Regulating Cross-border Flow of Data (《促進和規範數據跨境流動規定》) promulgated by the CAC on March 22, 2024, which came into effect on the same day, data processors providing data abroad shall, in any of the following circumstances, apply for security evaluation for transfer of data to foreign countries: (i) when a data processor of critical information infrastructures transfers personal information or important data to overseas recipients; (ii) when data processors other than operators of critical information infrastructures provide important data outside the country, or provide more than one million people's personal information (excluding sensitive personal information) or more than 10,000 people's sensitive personal information outside the country cumulatively since January 1 of the current year. Data processors other than operators of critical information infrastructures that have cumulatively provided the personal information (excluding sensitive personal information) of more than 100,000 people and less than 1 million people or the sensitive personal information of less than 10,000 people outside the country since January 1 of the current year shall, in accordance with the law, enter into a standard contract for the export of personal information with the overseas recipients or pass the personal information protection certification.

**Privacy Protection**

Pursuant to the Civil Code of the PRC (《中華人民共和國民法典》), which was promulgated by the NPC on May 28, 2020 and came into effect on January 1, 2021, the personal information of natural persons shall be protected by law. Any organization or individual that needs to obtain personal information of others shall obtain it in accordance with the law and ensure the security of the information, and shall not unlawfully collect, use, process or transmit the personal information of others, or unlawfully trade in, provide or disclose the personal information of others.

The Law of the Personal Information Protection Law of the People's Republic of China (《中華人民共和國個人信息保護法》) (the "**Personal Information Protection Law**"), which was promulgated by the NPCSC on August 20, 2021 and became effective on November 1, 2021, consolidates separate provisions on personal information rights and privacy protection. The Personal Information Protection Law aims to protect the personal information rights and interests, regulate the handling of personal information, safeguard the free flow of personal information in an orderly manner in accordance with the law, and promote the rational use of personal information. Personal information, as defined in the Personal Information Protection Law, refers to all kinds of information related to an identified or identifiable natural person recorded electronically or by other means, excluding the information that has been anonymized. The Personal Information Protection Law stipulates the circumstances in which a processor of personal information may process personal information, including, but not limited to, when the consent of the individual concerned has been obtained and when it is necessary for the conclusion or performance of a contract to which the individual is a party.

It has also set out a number of specific rules on the obligations of processors of personal information, such as informing individuals of the purpose and method of processing, and the obligations of third parties who obtain personal information through co-processing or entrustment.

According to the Decision on Strengthening the Protection of Network Information (《關於加強網絡信息保護的決定》) promulgated by the NPCSC on December 28, 2012 and the Provisions on the Protection of Personal Information of Telecommunications and Internet Users (《電信和互聯網用戶個人信息保護規定》) promulgated by the MIIT on July 16, 2013, which came into effect on September 1, 2013, as well as the Cybersecurity Law (《網絡安全法》), any collection and use of the user's personal information shall be agreed by both parties, shall comply with the principles of legality, legitimacy and necessity, and shall be limited to the specified purpose, method and scope. Internet information service providers shall also keep such information confidential, and are prohibited from divulging, altering or damaging, selling or providing such information to others. Internet information service providers shall take technical and other measures to prevent unauthorized disclosure, destruction or loss of collected personal information. In the event of actual or potential leakage of the user's personal information, the Internet information service provider shall immediately take remedial measures and promptly report to the relevant government departments and notify the user in accordance with the regulations. Any Internet information service provider that violates these laws and regulations may be subject to warnings, fines, confiscation of illegal income, revocation of licenses, revocation of records, closure of websites, and even criminal liability.

Pursuant to the Circular of the Supreme People's Court, the Supreme People's Procuratorate and the Ministry of Public Security on the Punishment of Criminal Activities Infringing on Citizens' Personal Information in accordance with the Law (《最高人民法院、最高人民檢察院、公安部關於依法懲處侵害公民個人信息犯罪活動的通知》) promulgated on April 23, 2013, and the Interpretation by the Supreme People's Court and the Supreme People's Procuratorate of Several Issues Concerning the Application of Laws to the Handling of Criminal Cases of Infringing on 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》) promulgated on May 8, 2017 and effective on June 1, 2017, the following activities may constitute crimes of infringement of citizens' personal information: (i) providing citizens' personal information to specific persons or publishing citizens' personal information on the Internet, etc., in violation of the relevant regulations; (ii) providing others with lawfully collected information about citizens without their consent (unless the information has been processed in such a way as to make it impossible to identify a specific individual and cannot be recovered); (iii) collecting citizens' personal information in violation of relevant regulations or provisions in the performance of duties or the provision of services; or (iv) collecting citizens' personal information in violation of relevant regulations through purchasing, receiving, or exchanging.

**Automotive Data Security**

On August 16, 2021, the CAC, the NDRC, the MPS, the MIIT and the MOT jointly promulgated the Certain Provisions on the Management of Automotive Data Security (for Trial Implementation) (《汽車數據安全管理若干規定(試行)》) (the "**Automotive Data Security Provisions**"), which came into effect on October 1, 2021, and is intended to regulate the collection, storage, use, processing, transmission, provision, and disclosure of personal information and critical data generated by automobile designers, manufacturers, and service providers throughout the automobile life cycle. The relevant automotive data processors, including automobile manufacturers, parts and software providers, dealers, repair suppliers and travel service companies, are required to process personal information and critical data in accordance with the applicable laws during the design, manufacture, sale, operation, maintenance and management of automobiles. Processing of personal information by automobile data processors shall be conducted with the consent of the individual or in accordance with other circumstances stipulated by laws and regulations. The State encourages the reasonable and effective utilization of automotive data in accordance with the law, and advocates that automotive data processors adhere to: (i) the principle of in-vehicle processing, and avoid providing automotive data outside the vehicle unless necessary; (ii) the principle of non-collection by default, and set the state of non-collection by default each time unless otherwise set by the driver on his/her own initiative; (iii) the principle of applying the range of accuracy, and determine the coverage and resolution of cameras, radar, etc., based on the requirements of the provided functional service for data accuracy; (iv) the principle of desensitized processing, and anonymize and de-identify the information whenever possible. According to the Automotive Data Security Provisions, personal information and key data involving automobiles are in principle stored within the country, and if they need to be made available outside the country, the competent national Internet information department will conduct a cross-border data security assessment in conjunction with the relevant departments of the State Council. When processing critical data, automotive data processors shall conduct risk assessments in accordance with the regulations and submit risk assessment reports to the relevant provincial authorities.

The MIIT issued the Notice of the Ministry of Industry and Information Technology on Strengthening Network Security and Data Security of Telematics (《工業和信息化部關於加強車聯網網絡安全和數據安全工作的通知》) on September 15, 2021. Accordingly, all manufacturers of intelligent connected vehicles and operators of Telematics service platforms shall establish a network security and data security management system, strengthen security protection, monitor and prevent network security risks and threats, strengthen the security protection capability of Telematics network facilities and network systems, safeguard Telematics communication security, carry out Telematics security monitoring and early warning, enhance the Telematics security emergency response, and promote the Telematics network security protection grading and filing work. The MIIT promulgated the Guidelines for the Construction of Network Security and Data Security Standard System for Telematics (《車

聯網網絡安全和數據安全標準體系建設指南》) on February 25, 2022, which clearly defines the security standards and requirements covering the terminal and facility network security, network communication security, data security, application service security, and security guarantee and support.

The National Information Security Standardization Technical Committee issued the Security Guidelines for the Processing of Automotive Captured Data (《汽車採集數據處理安全指南》) on October 8, 2021. The Guidelines establish security requirements for processing activities such as transmission, storage and transfer to foreign countries of data collected by vehicles.

## REGULATION ON PRODUCT LIABILITY

According to the Civil Code of the PRC, if a defect of a product causes damage to another person, the infringed person may claim compensation against the manufacturer or the seller of the product. If the infringer knows that the product is defective and still produces or sells it, or fails to take effective remedial measures in accordance with the provisions of the Civil Code of the People's Republic of China, resulting in the death of another person or serious damage to the health of another person, the infringed person shall be entitled to claim corresponding punitive damages. If a product is defective due to the fault of a third party, such as a transporter or warehouseman, and causes damage to another person, the producer or seller of the product shall have the right to recover compensation from the third party after making compensation to the infringed person.

According to the Product Quality Law of the People's Republic of China (《中華人民共和國產品質量法》) promulgated by the NPCSC on February 22, 1993 and most recently amended on December 29, 2018, it is prohibited to manufacture or sell products that do not comply with the standards and requirements for safeguarding human health and the safety of persons and property. The products must not present any unreasonable risk of endangering the safety of persons and property. A person who is injured or whose property is damaged by the defects in the product may claim for compensation from the manufacturer or the seller. Any producer or seller who produces or sells substandard products shall be ordered to stop production or sale, the products illegally produced or sold shall be confiscated, and a fine shall be imposed; If there are any illegal gains, the illegal gains shall be confiscated concurrently; If the circumstances are serious, the business license shall be revoked.

## REGULATIONS ON THE IMPORT AND EXPORT OF GOODS

### China

In accordance with the Foreign Trade Law of the People's Republic of China (《中華人民共和國對外貿易法》) promulgated by the NPCSC on May 12, 1994 and amended and effective on April 6, 2004, November 7, 2016 and December 30, 2022 respectively, and the Notice on Matters Relating to the Filing of Consignees and Consignors of Imported and Exported Goods (《海關總署企業管理和稽查司關於進出口貨物收發貨人備案有關事宜的通

知》) issued by the General Administration of Customs of the People's Republic of China on January 3, 2023 and effective on the same date, the consignee or consignor of imported or exported goods applying for filing should obtain the qualification of the market entity, but no filing for foreign trade operators is required.

According to the Customs Law of the People's Republic of China (《中華人民共和國海關法》) promulgated by the NPCSC on January 22, 1987, and amended on July 8, 2000, June 29, 2013, December 28, 2013, November 7, 2016, November 4, 2017, and April 29, 2021, respectively, the consignee of imported goods, the consignor of exported goods, and the owner of inbound and outbound goods are the taxpayers of customs duties. For the imported and exported goods, unless otherwise provided for, customs declaration and tax payment procedures may be completed by the consignee or consignor of the imported and exported goods, or the consignee or consignor of import and export goods may entrust a customs declaration enterprise to complete the customs declaration and tax payment procedures. The consignees and consignors for imported or exported goods and the customs brokers engaged in customs declaration shall be filed with the customs in accordance with the law. Customs declaration units refer to the consignee or consignor of the imported and exported goods and the customs declaration enterprises filed with the customs in accordance with the Regulations of the People's Republic of China on the Administration of the Record of Customs Declaration Units (《中華人民共和國海關報關單位備案管理規定》) promulgated by the General Administration of Customs of the People's Republic of China on November 19, 2021 and becoming effective as of January 1, 2022. Where the consignee or consignor of imported or exported goods or a customs declaration enterprise applies for filing, it shall obtain the qualification of market entities.

Pursuant to the Regulations of the People's Republic of China on the Administration of Import and Export of Goods (《中華人民共和國貨物進出口管理條例》) ("**Regulations on the Administration of Import and Export of Goods**") promulgated by the State Council on December 10, 2001 and last amended on March 10, 2024, which came into effect on May 1, 2024, enterprises engaged in the trade activities of importing goods into the territory of the People's Republic of China or exporting goods outside of China must comply with the Regulations on the Administration of Import and Export of Goods. Goods whose import or export is prohibited shall not be imported or exported; goods whose import or export is restricted shall be subject to a licensing or quota system; and goods whose import or export is free shall not be subject to restriction. The consignee of imported goods or the consignor of exported goods shall submit an automatic import and export license, an import and export license or a quota certificate to the customs for customs clearance.

The Export Control Law of the People's Republic of China (《中華人民共和國出口管制法》) (the "**Export Control Law**") came into force on December 1, 2020. The Export Control Law is China's first comprehensive and integrated export control law, which sets out provisions for the export control of dual-use goods, military supplies, nuclear energy products, goods related to the protection of national security and interests and other commodities, science and technology, services and goods, as well as fulfilling the responsibilities related to the international prohibition of nuclear proliferation.

## The United States

### *Export Control Law*

The BIS controls exports and reexports of commercial and dual-use products, software and technology (collectively, "**Items**"). These controls are implemented by the EAR. The EAR applies to (i) U.S.-origin Items wherever located, (ii) exports of Items from the United States (irrespective of their origin) to foreign countries, (iii) reexports of U.S.-origin Items from one foreign country to another, and (iv) shipments from one foreign country to another of foreign-made Items that are subject to the EAR either because (a) they incorporate more than de minimis amount of controlled U.S.-origin parts, components or materials, or (b) they are the foreign direct product of certain controlled U.S. technology or software. The export, reexport or transfer (in-country) of Items subject to the jurisdiction of the EAR (as described in (i)-(iv) above) must comply with licensing requirements related to the end-destination, the end-users and the end-use of the Items when applicable.

On October 7, 2022, BIS issued the IFR ("**BIS 2022/23 IFRs**") amending the EAR as it relates to exports, reexports or transfers (in-country) of U.S. and foreign-made Items to Mainland China and Hong Kong (and later adding Macau), as well as related end uses and the activities of "U.S. persons," ("U.S. persons" include any individual who is a U.S. Citizen or permanent resident alien, and any entity organized under U.S. Law) in the semiconductor and supercomputer manufacturing industries. These included:

- Adding new export control classification numbers ("**ECCN**"), 3A090 and 4A090, to control certain high performance integrated circuits ("ICs"), computers, electronic assemblies, and components that are subject to the EAR which are prohibited, without a license, from being exported, reexported or transferred (in-country) to or within Mainland China, Hong Kong SAR, and Macau SAR;

- Adding two new foreign direct product rules ("**FDP Rules**") and the expansion of the Entity List FDP Rule, which collectively expanded U.S. export control laws to capture under the jurisdiction of the EAR certain foreign-made Items that are developed from specific U.S. technology or software, or from a plant or equipment (including test equipment) that itself was developed from specific U.S. technology or software. Such foreign-made Items were not subject to the EAR prior to the expansion implemented by the IFR. Foreign-made Items captured by these rules are subject to export licensing requirements when destined for certain end-users (i.e., certain parties designated on BIS' Entity List) or certain end-uses in the advanced computing and supercomputer industries in Mainland China, Hong Kong SAR or Macau SAR;

- Adding a specific designation (i.e., footnote 4 on the Entity List) to 28 Chinese parties on BIS' Entity List such that transactions with these parties are subject to the broader EAR jurisdiction, and associated export licensing requirements, imposed by the Entity List FDP Rule and related Entity List restrictions;

- Adding an export license requirement for the export, reexport or transfer (in-country) of (i) certain Items subject to EAR and classified under particular ECCNs, or (ii) certain semiconductor manufacturing end-uses Items subject to the EAR, where the (i) or (ii) items are destined to Mainland China, Hong Kong SAR or Macau SAR for certain supercomputer or for semiconductor manufacturing end-uses; and

- Adding an export license requirement for any U.S. persons (both individuals and legal entities) whose activities support the advanced computing or semiconductor manufacturing end-uses discussed above.

As summarized above, the IFR implemented a number of key changes, including: (i) the addition of four new ECCNs to the Commerce Control List ("**CCL**"); (ii) application of new unilateral controls on exports to Mainland China, Hong Kong SAR or Macau SAR of certain advanced computing chips and computers and electronic assemblies incorporating the ICs that are now subject to the EAR; (iii) imposition of new end-use and end-user-based restrictions on exports, reexports, and in-country transfers of Items subject to the EAR that are intended for use in semiconductor fabrication facilities in Mainland China, Hong Kong SAR or Macau SAR or in "supercomputers" located in or destined for Mainland China, Hong Kong SAR or Macau SAR; and (iv) the revision of one and creation of two new FDP Rules designed to capture more foreign-made Items within the scope of the EAR.

The updated section 744.23 of the EAR imposes license requirements where an exporter, reexporter or transferor knows or has reason to know that certain Items subject to the EAR are intended for a "supercomputer" end-use or are intended for semiconductor manufacturing end-uses. No license exceptions are available to overcome these restrictions.

Furthermore, section 744.21 of the EAR prohibits the export, reexport or transfer (in-country) of certain Items subject to the EAR if the party has "knowledge," that the Item is destined for a "military end use" or a "military end user" in Burma, Cambodia, China or Venezuela. Section 744.21 of the EAR also prohibits the export, reexport, or transfer (in-country) of any Item subject to the EAR if the party has "knowledge" that the Item is destined for a "military end use" or "military end user" in Russia or Belarus. Section 744.22 of the EAR prohibits the export, reexport or transfer (in-country) of any Items subject to the EAR if the party has "knowledge" that the Item is intended for a "military-intelligence end use" or "military-intelligence end user" in Belarus, Burma, Cambodia, China, Russia or Venezuela, or certain specified "military intelligence end users," of such countries, wherever located.

In addition to the restrictions introduced by the BIS 2022/23 IFRs, BIS maintains lists of persons that are subject to enhanced export control restrictions. One such list, the Entity List, includes a list of foreign persons on which certain trade restrictions are imposed, including business, research institutions, government and private organizations, individuals and other types of legal persons. The United States in recent years has placed an increasing number of entities, including a number of entities in China, on the Entity List and other restricted or prohibited parties lists. Given the sudden and unpredictable nature of these determinations, it is difficult to predict developments in this area and we have no ability to influence such determinations.

Our Directors are of the view that the restrictions imposed by the EAR, including the BIS 2022/23 IFRs, had not negatively impacted our operations or financial performance as of the Latest Practicable Date.

On September 23, 2024, the BIS issued a Notice of Proposed Rulemaking ("**NPRM**") that would prohibit the sale in or import into the United States of connected vehicles integrating specific hardware and software, or those components or software if sold or imported separately, with a sufficient nexus to certain foreign adversaries including China and The Russian Federation (Russia) (the "**Proposed Rule**"). The Proposed Rule identifies significant national security concerns associated with connected vehicles and related connect components and software designed, developed, manufactured or supplied by companies located in or headquartered in China or Russia, and is expected to have a major impact on the automotive and ICTS sectors. Specifically, the Proposed Rule bans the importation and sale of hardware and software components integrated into Vehicle Connectivity Systems ("**VCS**") (largely technology that connects the vehicle to the internet) and software integrated into ADS (but excluding ADAS) absent a general or specific authorization. It also prohibits connected vehicle manufacturers that are owned by, controlled by, or subject to the jurisdiction of China or Russia from selling connected vehicles that incorporate VCS hardware or covered software in the United States. If adopted, prohibitions on software would go into effect for model year 2027 vehicles and prohibitions on hardware would take effect for Model Year 2030 vehicles, or January 1, 2029 for units without a model year. The Proposed Rule establishes a requirement that connected vehicle manufacturers, which would be most OEMs and all importers, submit declarations of conformity, sets out the conditions for general and specific authorizations, establishes a process for industry stakeholders to seek an advisory opinion from BIS with respect to specific transactions, and establishes a process to inform VCS hardware importers and connected vehicle manufacturers that a specific authorization may be required.

Given that (i) the Proposed Rule only covers ADS (Level 3 to Level 5) but excludes ADAS (Level 0 to Level 2). Our commercialized products (iSafety and iPilot) are ADAS products, and the ADS product iRobo was under development as of the Latest Practicable Date; and (ii) as of the Latest Practicable Date, we did not sell our products to customers in the United States or to customers who incorporated them into products for sale to the United States to our best knowledge, and do not intend to actively develop our business in the United States as a major market in the future, our Directors are of the view that the impact of the proposed rules prohibiting the importation of certain vehicles into the U.S. is minimal on our operations.

***Tarriff***

On May 14, 2024, the Office of the United State Trade Representative announced a plan to raise the tariff rate applicable to U.S. imports of electric vehicles from China from 25% to 100%, and these higher tariff rates on electric vehicle imports is expected to become effective in 2024. Separately, from August 21, 2024, the European Commission imposed higher tariffs on imports of electric vehicles made in China. These new tariffs, which will apply across the European Union, range from 17.0% to 36.3%, depending on the OEM that produced the vehicle. These new tariffs are applicable to electric vehicles, not ADAS and ADS solutions that we develop; accordingly, these new U.S. and EU tariffs are not applicable to our sales. However, these tariffs may adversely impact the sales of some of our OEM customers in Europe and deter our customers from pursuing sales in the United States.

As of the Latest Practicable Date, the U.S. tariff rates on passenger vehicles imported from China (excluding electric vehicles) are the standard 2.5%, which is the general dutiable rate applied to non-U.S. manufactured vehicles. While the U.S. tariff rates on China imported electric vehicles is expected to raise from the current 25% to 100% in 2024. As of the Latest Practicable Date, EU tariff rates on passenger vehicles imported from China are 10%, regardless of the specific vehicle type. The 10% rate is the standard import tariff the EU applies to imported automobiles. The new EU tariffs on imports of electric vehicles made in China from July 2024 are imposed in addition to such 10% standard tariff applied to imported vehicles.

## REGULATIONS ON INTELLECTUAL PROPERTY

### Copyright

On September 7, 1990, the NPCSC promulgated the Copyright Law of the PRC (《中華人民共和國著作權法》) (the "**Copyright Law**"), which was effective on June 1, 1991 and amended on October 27, 2001, February 26, 2010 and November 11, 2020, and the latest amendment took effect on June 1, 2021. The amended Copyright Law extends copyright protection to internet activities, products disseminated over the internet and software products. In addition, there is a voluntary registration system administered by the Copyright Protection Centre of China. According to the Copyright Law, Chinese citizens, legal persons, or other organizations shall, whether published or not, own copyright in their copyrightable works, which include, among others, works of literature, art, natural science, social science, engineering technology and computer software. Copyright owners enjoy certain legal rights, including right of publication, right of authorship and right of reproduction. An infringer of the copyrights shall be subject to various civil liabilities, which include ceasing infringement activities, apologizing to the copyright owners and compensating the loss of copyright owner. Infringers of copyright may also be subject to fines and/or administrative or criminal liabilities in severe situations.

In order to further implement the Regulations on Computer Software Protection (《計算機軟件保護條例》), promulgated by the State Council on June 4, 1991 and amended on December 20, 2001 and January 30, 2013, respectively, the National Copyright Administration issued the Measures for the Registration of Computer Software Copyright (《計算機軟件著作權登記辦法》) on February 20, 2002, which specifies detailed procedures and requirements with respect to the registration of software copyrights.

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

**Trademark**

According to the Trademark Law of the PRC (《中華人民共和國商標法》) promulgated by the NPCSC on August 23, 1982, and amended on February 22, 1993, October 27, 2001, August 30, 2013 and April 23, 2019, respectively, the Trademark Office of the State Administration for Industry and Commerce Authority (the "**SAIC**") under the State Council is responsible for the registration and administration of trademarks in China. The SAIC under the State Council has established a Trademark Review and Adjudication Board for resolving trademark disputes. Registered trademarks are valid for ten years from the date the registration is approved. A registrant may apply to renew a registration within twelve months before the expiration date of the registration. If the registrant fails to apply in a timely manner, a grace period of six additional months may be granted. If the registrant fails to apply before the grace period expires, the registered trademark shall be deregistered. Renewed registrations are valid for ten years. On April 29, 2014, the State Council issued the revised Implementing Regulations of the Trademark Law of the PRC (《中華人民共和國商標法實施條例》), which specifies the requirements of applying for trademark registration and renewal.

**Patent**

According to the Patent Law of the PRC (《中華人民共和國專利法》) (the "**Patent Law**"), promulgated by the NPCSC on March 12, 1984 and amended on September 4, 1992, August 25, 2000, December 27, 2008, and October 17, 2020, respectively, with the latest amendment taking effect on June 1, 2021, and the Implementation Rules of the Patent Law of the PRC (《中華人民共和國專利法實施細則》) (the "**Implementation Rules of the Patent Law**"), promulgated by the State Council on June 15, 2001 and revised on December 28, 2002, January 9, 2010 and December 11, 2023, respectively, the patent administrative department under the State Council is responsible for the administration of patent-related work nationwide and the patent administration departments of provincial or autonomous regions or municipal governments are responsible for administering patents within the respective administrative areas. The Patent Law and Implementation Rules of the Patent Law provide three types of patents, namely “inventions,” “utility models” and “designs.” Invention patents are valid for twenty years, utility model patents are valid for ten years, and since June 1, 2021, the validation period for design patents whose application date is after June 1, 2021 has been extended to fifteen years in each case from the date of application. The Chinese patent system adopts a “first come, first file” principle, which means that where more than one person files a patent application for the same invention, utility model or design, a patent will be granted to the person who files the application first. An invention or a utility model must possess novelty, inventiveness and practical applicability to be patentable. Third Parties must obtain consent or a proper license from the patent owner to use the patent. Otherwise, the unauthorized use constitutes an infringement on the patent rights.

### Domain Names

On August 24, 2017, the MIIT promulgated the Administrative Measures for Internet Domain Names (《互聯網域名管理辦法》) (the “**Domain Name Measures**”), which became effective on November 1, 2017. The Domain Name Measures regulate the registration of domain names, such as China’s national top-level domain name “.CN.” The China Internet Network Information Center (the “**CNNIC**”), issued the Administrative Regulations for Country Code Top-Level Domain Name Registration and Country Code Top-Level Dispute Resolutions Rules (《關於發佈並實施<國家頂級域名註冊實施細則>系列規定的公告》) on June 18, 2019, pursuant to which the CNNIC can authorize a domain name dispute resolution institution to decide domain name related disputes.

## REGULATIONS ON ENVIRONMENTAL PROTECTION AND FIRE PREVENTION

### Environment Impact Assessment

Pursuant to the Environmental Protection Law of the People’s Republic of China (《中華人民共和國環境保護法》) promulgated by the NPCSC on December 26, 1989 and amended on April 24, 2014, the Administrative Regulations on the Environmental Protection of Construction Project (《建設項目環境保護管理條例》) (the “**Construction Environmental Protection Rules**”), promulgated by the State Council on November 29, 1998 and amended on July 16, 2017, and other relevant environmental laws and regulations, enterprises which plan to construct projects shall submit or fill in assessment report, assessment form, or registration form on the environmental impact of such projects to relevant environmental protection administrative authority for approval or recording. Construction entities may entrust a technical institution to conduct an environmental impact assessment of its construction projects and prepare the assessment reports and assessment forms on the environmental impact of construction projects. If the construction entities have the technical capability of environmental impact assessment, it may carry out the above activities by itself.

Pursuant to the Environmental Impact Assessment Law of the People's Republic of China (《中華人民共和國環境影響評價法》) promulgated by the NPCSC on October 28, 2002 and amended on July 2, 2016 and December 29, 2018 respectively, for any construction projects have an impact on the environment, the construction entity is required to produce either a report, or a form, or a registration form on such environmental impact depending on the seriousness of the impact that may be exerted on the environment.

The Construction Environmental Protection Rules also provides that after the completion of a construction project for which the environmental impact report or the environmental impact form has been prepared, the construction entity shall, in accordance with the standards and procedures established by the competent department of environmental protection administration under the State Council, conduct acceptance checks of the environmental protection facilities and prepare an acceptance report, and announce the acceptance inspection report according to law except for circumstances where there is a need to keep confidentiality pursuant to the provisions of the State. Where the environmental protection facilities have not undergone acceptance inspection or do not pass acceptance inspection, the construction project shall not be put into production or use.

**Completion and Acceptance**

The Interim Measures for Environmental Protection Acceptance upon Completion of Construction Projects (《建設項目竣工環境保護驗收暫行辦法》) was promulgated and implemented by the former Ministry of Environmental Protection (now the Ministry of Ecology and Environment) on November 20, 2017. The Measures stipulates the procedures and standards for the construction entity to make independent environmental protection acceptance upon the completion of construction projects.

**Pollutant Discharge**

According to the Catalog of Classified Management of Pollutant Discharge Permits for Stationary Pollution Sources (2019 Edition) (《固定污染源排污許可分類管理名錄(2019年版)》) promulgated by the Ministry of Ecology and Environment on December 20, 2019, China implements key management, simplified management and registration management of pollutant discharge permits based on factors such as the amount of pollutants generated, the amount of pollutants discharged and the degree of impact on the environment, and only pollutant discharge entities that are subject to registration management do not need to apply for a pollutant discharge permit.

**Fire Protection Design Approval and Filing**

The Fire Prevention Law of the People's Republic of China (《中華人民共和國消防法》) (the "**Fire Prevention Law**") was adopted on April 29, 1998 and latest amended on April 29, 2021. According to the Fire Prevention Law and other relevant laws and regulations of the PRC, the Ministry of Emergency Management under the State Council and its local counterparts at or above county level shall monitor and administer the fire prevention affairs.

The Fire and Rescue Department of the People's Government are responsible for implementation. The Fire Prevention Law provides that the fire protection design or construction of construction projects shall comply with the national technical standards for fire protection. Pursuant to the Interim Provisions on the Administration of Fire Protection Design Review and Final Inspection of Construction Projects (《建設工程消防設計審查驗收管理暫行規定》) issued by the Ministry of Housing and Urban-Rural Development on April 1, 2020 and amended on August 21, 2023, special construction projects as defined under such Interim Provisions shall be subject to fire protection design review and fire protection final inspection, construction projects other than such special construction projects shall be submitted to the competent authorities for record-filing of project fire protection design and acceptance.

## REGULATIONS ON PRODUCTION SAFETY

Pursuant to the Production Safety Law of the People's Republic of China (《中華人民共和國安全生產法》) promulgated on June 29, 2002 and amended on August 27, 2009, August 31, 2014 and June 10, 2021, a business entity shall establish, improve and implement a production safety responsibility system and production safety rules and systems for all employees, increase efforts to guarantee the input of funds, materials, technology, and personnel in production safety, and improve production safety conditions. Business entities shall provide their employees with production safety education and training to ensure that their employees have necessary production safety knowledge, are familiar with the relevant production safety policies and rules and safe operating procedures, possess the safe operating skills for their respective posts, know the emergency response measures for accidents, and are informed of their rights and obligations in production safety. Employees failing the production safety education and training shall not take their posts.

## REGULATIONS ON REAL ESTATE

Pursuant to the Land Administration Law of the People's Republic of China (《中華人民共和國土地管理法》) promulgated by the NPCSC on June 25, 1986, latest amended on August 26, 2019 and taking effect on January 1, 2020, China applies a system of control over the purposes of use of land, including land for agriculture, land for construction and unused land. All entities and individuals shall use land only for the purposes determined in the overall plans for land utilization. Registration of the ownership and the right to the use of land shall be governed by the laws and administrative regulations relating to real estate registration. The legally registered ownership and right to the use of land shall be protected by law and may not be infringed upon by any entities or individuals.

Pursuant to the Interim Regulations Concerning the Assignment and Transfer of the Right to the Use of the State-owned Land in the Urban Areas (2020 Edition) (《城鎮國有土地使用權出讓和轉讓暫行條例(2020修訂)》) promulgated by the State Council on November 29, 2020, China implements a system of assignment and transfer of the right to use state-owned land. A land user shall pay land assignment fee to the State as consideration for the assignment of the land use right within a certain term. A land user who has obtained the land use right may transfer, lease out, mortgage, or otherwise commercially exploit the land within the term of use. Under the Interim Regulations Concerning the Assignment and Transfer of the Right to the Use of the State-owned Land in the Urban Areas, the local land administration authority may enter into an assignment contract with the land user for the assignment of land use rights. Land users shall pay the land assignment fee in accordance with the land assignment contracts. After paying the total amount of the assignment fee, the land user shall go through the registration thereof, obtain the certificate for land use to evidence the acquisition of the land use right.

The Interim Regulations on Real Estate Registration (《不動產登記暫行條例》) promulgated by the State Council on November 24, 2014, taking effect on March 1, 2015 and amended on March 24, 2019 and March 10, 2024, and the Implementing Rules of the Interim Regulations on Real Estate Registration (《不動產登記暫行條例實施細則》) promulgated by the Ministry of Land and Resources on January 1, 2016 and amended on July 24, 2019 and May 9, 2024 respectively, provide that, among other things, the State implements a uniform real estate registration system and real estate registration shall follow the principles of strict administration, stability, continuity, and convenience for the masses.

Pursuant to the Administrative Measures for Commodity House Leasing (《商品房屋租賃管理辦法》) promulgated by the Ministry of Housing and Urban-Rural Development on December 1, 2010 and taking effect on February 1, 2011, the parties to a commodity house lease shall complete the lease registration with the competent construction (real-estate) departments of the municipalities directly under the Central Government, cities and counties where the leased property is located within 30 days after the lease is executed. The competent construction (real estate) departments of the municipalities directly under the Central Government, cities and counties shall order to make corrections within a prescribed time limit, and shall impose a fine below RMB1,000 on individuals who fail to rectify within the specified time limit, and a fine between RMB1,000 and RMB10,000 on entities which fail to rectify within the specified time limit.

## REGULATIONS ON OVERSEAS DIRECT INVESTMENT

The Measures for the Administration of Overseas Investment (《境外投資管理辦法》) was promulgated by the Ministry of Commerce on September 6, 2014 and took effect on October 6, 2014. As defined in the Measures for the Administration of Overseas Investment, overseas investment refers to the act of an enterprise legally established in China to own a non-financial enterprise or acquire ownership, control, management and other interests in an established non-financial enterprise outside China through new establishment, mergers and acquisitions, etc. Where an enterprise’s overseas investment involves sensitive countries and regions or sensitive industries, it shall be subject to examination and approval. Overseas investment of enterprises under other circumstances shall be subject to record. Local enterprises shall be reported to the provincial administrative department of commerce for record. Qualified enterprises will be recorded and awarded the “Certificate of Overseas Investment of Enterprises” by the provincial commerce authorities.

On August 4, 2017, the NDRC, the MOFCOM, the PBOC and the Ministry of Foreign Affairs issued the Opinions on Further Guiding and Regulating Direction of Overseas Investment (《關於進一步引導和規範境外投資方向的指導意見》) (the "**Opinions**") for the purposes of providing further guidance and regulation on overseas investments. The Opinions sets out, among others, certain categories of overseas investments that should be "encouraged," "restricted" or "prohibited."

The NDRC promulgated the Measures for the Administration of Overseas Investment by Enterprises (《企業境外投資管理辦法》) (the "**Measures**") on December 26, 2017, which took effect on March 1, 2018. Under the Measures, Sensitive overseas investment projects conducted directly by Chinese enterprises or through overseas enterprises controlled by them shall be approved by the NDRC while non-sensitive overseas investment projects conducted directly by Chinese enterprises shall be reported to the NDRC or its local branches at the provincial level for filing. For large-scale non-sensitive overseas investment projects with an investment amount of USD300 million or more conducted by Chinese enterprises through overseas enterprises controlled by them, a report on the details of the large-scale non-sensitive projects shall be submitted to the NDRC before project implementation. Overseas investments conducted by Chinese residents through overseas enterprises controlled by them shall be analogically governed by the Measures. On January 31, 2018, the NDRC issued the Catalogue of Sensitive Industries for Overseas Investment (2018 Edition) (《境外投資敏感行業目錄(2018年版)》), which came into effect on March 1, 2018. According to this catalogue, enterprises are prohibited from making overseas investments in several industries, including but not limited to real estate and hotels.

## REGULATIONS ON FOREIGN EXCHANGE

On January 29, 1996, the State Council promulgated the Regulations of the People's Republic of China on Foreign Exchange (《中華人民共和國外匯管理條例》), which took effect on April 1, 1996, amended on January 14, 1997 and August 5, 2008. The foreign exchange expenditure under the current items shall be paid by an institution with its self-owned foreign exchange upon valid documents or with the foreign exchange purchased from any financial institution operating the foreign exchange sale or settlement business in accordance with the administrative provisions of the foreign exchange administrative department of the State Council on the payment and purchase of foreign exchange. An institution or individual within the territory of China shall apply for registration in accordance with the provisions of the foreign exchange administrative department of the State Council before making overseas direct investment or engaging in overseas issuance and trading of securities and derivatives.

On November 19, 2012, the SAFE issued the Circular on Further Improvement and Adjustment of the Foreign Exchange Control Policy over Direct Investment (《國家外匯管理局關於進一步改進和調整直接投資外匯管理政策的通知》) ("**SAFE Circular 59**"), which took effect on December 17, 2012, amended on May 4, 2015 and October 10, 2018 and abolished in part on December 30, 2019. SAFE Circular 59 aims to simplify the current foreign exchange procedure, and facilitate investment and trade. Under Circular 59, the opening of various special purpose foreign exchange accounts (e.g. pre-establishment expenses account, foreign exchange capital account, guarantee account), reinvestment of Renminbi proceeds by foreign investors in the PRC, and remittance of foreign exchange profits and dividends by a foreign-invested enterprise to its foreign shareholders no longer require the approval or verification of SAFE, and multiple capital accounts for the same entity may be opened in different provinces. In February 2015, the SAFE issued the Circular on Further Simplifying and Improving Policies for the Foreign Exchange Administration of 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》) (which was part abolished in in December 2019), prescribed that banks instead of SAFE can directly handle the foreign exchange registration and approval under foreign direct investment while SAFE and its branches indirectly supervise the foreign exchange registration and approval under foreign direct investment through banks.

On May 10, 2013, the SAFE issued the Administrative Provisions on Foreign Exchange in Domestic Direct Investment by Foreign Investors (《外國投資者境內直接投資外匯管理規定》) (the "**SAFE Document 21**"), which took effect on May 13, 2013, amended on October 10, 2018 and partially abolished on December 30, 2019. The SAFE Document 21 specifies that the administration by SAFE or its local branches over direct investment by foreign investors in the PRC must be conducted by way of registration and banks must process foreign exchange business relating to the direct investment in the PRC based on the registration information provided by SAFE and its branches.

Pursuant to the Notice on Issues Related to Foreign Exchange Administration for Overseas Listing (《關於境外上市外匯管理有關問題的通知》) issued by the SAFE on December 26, 2014, a domestic company shall, within 15 business days upon the completion of overseas listing and issuance, register the overseas listing with the foreign exchange administration authority in the place of establishment registration. The proceeds raised from the overseas listing of a domestic company may be transferred back to its territory or deposited overseas, and the use of the proceeds shall be consistent with the relevant contents listed in the document and other public disclosure documents.

A foreign-funded enterprise may, based on its operating, voluntarily settle the foreign exchange capital, pursuant to the Circular of the State Administration of Foreign Exchange Concerning Reform of the Administrative Approaches to Settlement of Foreign Exchange Capital of Foreign-invested Enterprises (《國家外匯管理局關於改革外商投資企業外匯資本金結匯管理方式的通知》), which was promulgated on March 30, 2015, validated on June 1, 2015 and abolished in part on December 30, 2019. Foreign-invested enterprises' capital and RMB funds from their settlement shall not be used for the following purposes: (i) payments beyond their business scope or prohibited under the laws and regulations of the State; (ii) direct or indirect securities investments; (iii) release of entrusted loans (unless permitted by the business scope), repayments of inter-enterprise borrowings (including third-party advances), and repayments of RMB bank loans already refinanced to any third party; and (iv) payment of expenses related to the purchase of real estate not for self-use, except for investing in real estate enterprises.

On October 23, 2019, SAFE promulgated the Circular on Further Facilitating Cross-Board Trade and Investment (《國家外匯管理局關於進一步促進跨境貿易投資便利化的通知》), which took effect on the same date (except for Article 8.2, which took effect on January 1, 2020) and amended on December 4, 2023. The circular canceled restrictions on domestic equity investments made with capital funds by non-foreign-funded enterprises. In addition, restrictions on the use of funds for foreign exchange settlement of domestic accounts for the realization of assets have been removed and restrictions on the use and foreign exchange settlement of foreign investors' security deposits have been relaxed. Eligible enterprises in pilot areas are also allowed to use revenues under capital accounts, such as capital funds, foreign debts and overseas listing revenues for domestic payments without providing materials to banks in advance for authenticity verification on an item-by-item basis, while the use of funds should be true, in compliance with applicable rules and conforming to the current capital revenue management regulations.

## REGULATIONS ON SHARE INCENTIVE PLANS

In February 2012, SAFE promulgated the Circular on Foreign Exchange Administration for PRC Residents Participating in Share Incentive Plans of Offshore Listed Companies (Huifa [2012] No. 7) (《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》(匯發[2012]7號)) (the "**SAFE Circular 7**"). According to the SAFE Circular 7 and other relevant rules and regulations, a domestic director, supervisor or senior management or employees who has employment or labor relationship with a company listed overseas, and participates in a share incentive plan of the company shall be subject to the foreign exchange registration procedure as required in the SAFE Circular 7. However, H-share direct listings by domestic companies do not fall under the category of 'overseas listed companies' as defined in SAFE Circular 7. Therefore, the provisions of the Notice of the State Administration of Foreign Exchange on Issues Concerning Foreign Exchange Administration for Overseas Listings (Huifa [2014] No. 54) (《國家外匯管理局關於境外上市外匯管理有關問題的通知》(匯發[2014]54號)) (the "**SAFE Circular 54**") shall apply. Under the SAFE Circular 54, after a domestic company gets listed overseas, if any of its domestic shareholders intends to increase or decrease overseas shares, the domestic shareholder shall handle overseas shareholding registration formalities with the local foreign exchange authority upon the strength of the related materials within twenty working days prior to the intended share increase or decrease. After verifying the above-mentioned materials, the local foreign exchange authority shall conduct registration for the domestic company in the system, print a business registration certificate through the system, affix business seal thereto and deliver it to the domestic shareholder. The domestic shareholder shall handle the account opening and relevant affairs for increase or decrease of shares of the company listed overseas upon the strength of the registration certificate.

## REGULATIONS ON LABOR FORCE AND SOCIAL SECURITY

### Labor Force

Pursuant to the Labor Law of the People's Republic of China (《中華人民共和國勞動法》) promulgated by the NPCSC on July 5, 1994, taking effect on January 1, 1995, and amended on August 27, 2009 and December 29, 2018, respectively, the Labor Contract Law of the People's Republic of China (《中華人民共和國勞動合同法》) promulgated by the NPCSC on June 29, 2007, taking effect on January 1, 2008, and amended on December 28, 2012 and taking effect on July 1, 2013, and the Regulations for the Implementation of the Labor Contract Law of the People's Republic of China (《中華人民共和國勞動合同法實施條例》) promulgated by the State Council on September 18, 2008, when establishing an employment relationship, the employer and the laborer shall sign a written labor contract. In addition, wages shall not be lower than the local standards on minimum wages. The employer shall establish a labor safety and health system, strictly implement national labor safety and health regulations and standards, educate laborers on labor safety and health, provide labor safety and sanitation conditions meeting State stipulations and necessary articles of labor protection, and carry out regular health examination for laborers engaged in work with occupational hazards.

### Social Security

Pursuant to the Social Insurance Law of the People's Republic of China (《中華人民共和國社會保險法》) (the "**Social Insurance Law**") promulgated by the NPCSC on October 28, 2010, taking effect on July 1, 2011, and amended on December 29, 2018, 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, 2019, and the Housing Provident Fund Management Regulations (《住房公積金管理條例》) (the "**Housing Provident Fund Management Regulations**") promulgated by the State Council on April 3, 1999, and amended on March 24, 2002, and March 24, 2019, the employer shall, within 30 days from the date of employment, open social insurance accounts and housing provident fund accounts, and shall also pay for its employees basic pension insurance, unemployment insurance, basic medical insurance, work-related injury insurance, maternity insurance and contributions to other social insurance programs, as well as housing provident fund. If the employer fails to pay the aforementioned contributions, it will be subject to a fine and ordered to make up the shortfall within a specified period.

## REGULATIONS ON TAXATION

### Enterprise Income Tax (the "EIT")

Pursuant to the EIT Law promulgated by the NPCSC on March 16, 2007, taking effect on January 1, 2008, and amended on February 24, 2017 and December 29, 2018, respectively, and the Regulations for the Implementation of the Enterprise Income Tax Law of the People's Republic of China (《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, taking effect on January 1, 2008 and amended on April 23, 2019, an enterprise established in accordance with law in China or established in accordance with the laws of foreign countries (regions) but is actually under the management of organization located in China shall be considered a resident enterprise. A resident enterprise shall be subject to EIT at a tax rate of 25% based on its income derived from PRC and foreign sources. China applies preferential EIT policies to industries or projects that are greatly supported or encouraged for development. State-supported high-tech enterprises can enjoy a reduced EIT rate of 15%. Pursuant to Announcement of the State Taxation Administration on Matters Concerning the Implementation of Preferential Income Tax Policies Supporting the Development of Small Low-Profit Enterprises and Individual Industrial and Commercial Households (《國稅局關於落實支持小型微利企業和個體工商戶發展所得稅優惠政策有關事項的公告》) promulgated by State Taxation Administration on April 7, 2021, taking effect on January 1, 2021, the annual taxable income of a small low-profit enterprise that is not more than RMB one million shall be included in its taxable income at the reduced rate of 12.5%, with the applicable enterprise income tax rate of 20%.

**VAT**

Pursuant to the Interim Regulations of the People's Republic of China on Value-Added Tax (《中華人民共和國增值稅暫行條例》) promulgated by the State Council on December 13, 1993, and latest amended on November 19, 2017, and the Detailed Rules for the Implementation of the Interim Regulations of the People's Republic of China on Value-Added Tax (《中華人民共和國增值稅暫行條例實施細則》) promulgated by the Ministry of Finance and the SAT on December 25, 1993, latest amended on October 28, 2011, and taking effect on November 1, 2011, (collectively, the "**VAT Law**"), any enterprise or individual engaged in the sale of goods, provision of processing, repair and replacement services, and import of goods within the territory of PRC shall pay VAT. On November 19, 2017, the State Council issued the Decision to Abolish the Interim Regulation of the People's Republic of China on Business Tax and Amend the Interim Regulation of the People's Republic of China on Value Added Tax (《關於廢止<中華人民共和國營業稅暫行條例>和修改<中華人民共和國增值稅暫行條例>的決定》) (the "**Decree No. 691**"). Any enterprise or individual engaged in the sale of goods, provision of processing, repair and replacement services, sales of services, intangible assets and real and the import of goods within the territory of PRC shall be VAT taxpayers and shall pay the VAT pursuant to the VAT Law and Decree No. 691. Generally, the applicable VAT rates are simplified to 17%, 11%, 6% and 0%, and it is 3% for small-sized taxpayers. The Circular of the Ministry of Finance and the State Administration of Taxation on Adjusting the VAT Rate (《財政部、稅務總局關於調整增值稅稅率的通知》) was promulgated on April 4, 2018 and took effect on May 1, 2018. The former VAT rates of 17% and 11% have been adjusted to 16% and 10% respectively. On March 20, 2019, the MOF, the SAT and the General Administration of Customs jointly issued the Announcement on Policies Concerning Deepening Value Added Tax Reform (《關於深化增值稅改革有關政策的公告》) (the "**Announcement 39**"), which came into force on April 1, 2019. Pursuant to the Announcement 39, the VAT rate applicable to taxable sales or imports of goods has been adjusted from 16% to 13%, and the applicable VAT rate of 10% has been adjusted to 9%.

**Dividend Withholding Tax**

Pursuant to the EIT Law and related implementation regulations, dividends declared to non-PRC resident investors who do not have an establishment or place of business in China, or who have such an establishment or place of business but whose relevant income has no actual connection with that establishment or place of business, are generally subject to a 10% income tax rate, as long as the dividends are derived from sources within China.

Pursuant to the Arrangement between the Mainland of China and the Hong Kong Special Administrative Region for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with respect to Taxes on Income (《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 "**Double Taxation Avoidance Arrangement**") and other applicable laws of the People's Republic of China, if a Hong Kong resident enterprise is recognized by the competent tax authorities of the People's Republic of China as meeting the relevant conditions and requirements of the aforementioned Double Taxation Avoidance Arrangement and other applicable laws, the 10% withholding tax on dividends received by the Hong Kong resident enterprise from a resident enterprise of the People's Republic of China can be reduced to 5%. However, pursuant to the Notice of the State Administration of Taxation on Issues Concerning the Implementation of the Dividend Clause of Tax Treaties (《國家稅務總局關於執行稅收協定股息條款有關問題的通知》) issued by the SAT on February 20, 2009, if the relevant Chinese tax authorities determine, at their discretion, that the company enjoys the reduced income tax rate mainly due to its tax-driven structure or arrangement, the Chinese tax authorities may adjust the preferential tax treatment. According to the Announcement of the State Administration of Taxation on Issues Concerning "Beneficial Owners" in Tax Treaties (《國家稅務總局關於稅收協定中"受益所有人"有關問題的公告》) issued by the SAT on February 3, 2018, and implemented on April 1, 2018, when determining the "beneficial owner" identification of an applicant for tax treaty benefits related to dividends, interest, or royalties, several factors, including but not limited to (i) whether the applicant is obliged to pay to residents of a third country (region) 50% of the income or more within 12 months after receipt of the income; (ii) whether the business activities conducted by the applicant do not constitute substantive business activities; and (iii) the other contracting country (region) does not impose any tax on or exempts tax from the relevant income, or imposes tax on the relevant income but the actual tax rate is extremely low, will be considered, and a comprehensive analysis will be conducted in light of the actual circumstances of the specific cases. This announcement stipulates further that pursuant to the Announcement of State Administration of Taxation on Issuing the Measures for the Administration of Non-Resident Taxpayers' Enjoyment of the Treatment under Tax Agreements (《國家稅務總局關於發佈<非居民納稅人享受協定待遇管理辦法>的公告》) issued by the SAT on October 14, 2019 and taking effect on January 1, 2020, where non-resident taxpayers enjoy the benefits under the articles on dividends, interest and royalties of the treaties, the relevant materials proving the identity as "beneficial owners" shall be retained.

**Regulations on H Share Full Circulation**

"Full circulation" means listing and circulation of domestic unlisted shares of H-share companies (including unlisted domestic shares held by domestic shareholders before overseas listing, unlisted domestic shares additionally issued after overseas listing, and unlisted shares held by foreign shareholders) on the stock exchanges. On August 10, 2023, the CSRC issued Guidelines for the Application for the "Full Circulation" of the Domestic Unlisted Shares of H-Share Companies (《H股公司境內未上市股份申請"全流通"業務指引(2023修正)》) (the "**Guidelines for the Full Circulation**").

Pursuant to the Guidelines for the Full Circulation, shareholders of domestic unlisted shares may, under the premise of complying with the relevant laws and regulations and the requirements of the policies on management of state-owned assets, foreign investment, and industry supervision and administration, among others, determine the amount and proportion of shares whose circulation is applied for on their own through consultation, and entrust H-share companies to file with the CSRC. A domestic unlisted company limited by shares may file with the CSRC for "full circulation" while applying for the overseas initial public offering and listing.

On December 31, 2019, the CSDC and the Shenzhen Stock Exchange (the "**SZSE**") jointly issued the Detailed Rules for Implementation of H-share Full Circulation Business (《H股"全流通"業務實施細則》) (the "**Detailed Rules for Implementation**"). H-share full circulation business (e.g. cross-border transfer registration, maintenance of deposit and holding details, transaction entrustment and instruction transmission, settlement, management of settlement participants, services of nominal holders) is subject to the Detailed Rules for Implementation.

To fully promote the H-share "full circulation" reform and clarify the business arrangements and procedures for share registration, deposit, and clearing and settlement, the CSDC issued the H-Share Full Circulation Business Guide (《H股"全流通"業務指南》) on February 7, 2020, which provides for participation in H-share full circulation business preparation, account arrangements, cross-border transfer registration, overseas centralized depository, and other related matters. CSDC (Hong Kong) also issued the H-Share Full Circulation Business Guide of China Securities Depository and Clearing (Hong Kong) Company Limited (《中國證券登記結算(香港)有限公司H股"全流通"業務指南》) in February 2020, which stipulates the corresponding custody, depository, agent services, settlement arrangements, risk management measures, and other related matters.

Pursuant to the Detailed Rules for Implementation and Business Guide, shareholders who apply to participate in the H-share "full circulation" (the "**Participating Shareholders**") must complete cross-border transfer registration to convert relevant non-listed domestic shares into H shares before trading the shares. Specifically, the CSDC, as the nominee holder, deposits the relevant securities held by Participating Shareholders with CSDC (Hong Kong), which will then deposit the relevant securities with the HKSCC in its own name. HKSCC will exercise the rights of the issuer of the securities through HKSCC, and the HKSCC agent as the ultimate nominee shareholder will be included in the register of shareholders of the H-share listed company.

The H-Share Full Circulation Business Guide stipulates that H-share listed companies will be authorized by Participating Shareholders to appoint only domestic securities companies ("**Domestic Securities Companies**") to participate in the conversion of H-share transactions. The specific procedures are as follows:

Participating Shareholders submit transaction instructions for converting H shares through Domestic Securities Companies, which then transfer the instructions to the Hong Kong securities companies designated by the Domestic Securities Companies through Shenzhen Securities Communication Co., Ltd.; Hong Kong securities companies conduct corresponding securities transactions in the Hong Kong market based on the above transaction instructions and the rules of the Hong Kong Stock Exchange.

The H-Share Full Circulation Business Guide stipulates that after the transaction is completed, settlement will be conducted between the Hong Kong securities company and CSDC (Hong Kong), CSDC (Hong Kong) and CSDC, CSDC and the Domestic Securities Company, and the Domestic Securities Company and Participating Shareholders, respectively.

## REGULATIONS ON OVERSEAS SECURITIES OFFERING AND LISTING

The CSRC issued the Interim Measures for the Administration of Overseas Securities Offering and Listing by Domestic Enterprises (《境內企業境外發行證券和上市管理試行辦法》) (the "**Interim Measures for Overseas Offering**") and five related guidelines on February 17, 2023, which took effect on March 31, 2023. The Interim Measures for Overseas Offering has significantly reformed the regulatory system for the direct or indirect offering and listing of securities by companies within China's territory in overseas markets, transitioning to a filing-based system.

Under the Interim Measures for Overseas Offering, domestic companies seeking to offer and list securities directly or indirectly in overseas markets must complete filing procedures with the CSRC and report relevant information. The Interim Measures for Overseas Offering stipulates that under any of the following circumstances, companies cannot list or issue securities overseas: (i) financing through listing is explicitly prohibited by laws, administrative regulations or relevant provisions of China; (ii) the proposed overseas offering and listing may endanger national security as determined by the relevant competent department under the State Council after examination according to the law; (iii) a domestic enterprise or its controlling shareholder or actual controller intending to list or issue securities in overseas markets has committed a criminal crime of corruption, bribery, embezzlement, misappropriation of property or disrupting the economic order of the socialist market in the last three years; (iv) a domestic company intending to list or issue securities in overseas markets is currently under investigation for suspected criminal offenses or major violation of laws and regulations, and the case has not yet been closed; or (v) there is a major dispute over ownership of the equity held by the controlling shareholder or a shareholder controlled by the controlling shareholder and/or the actual controller of a domestic company.

The issuer's initial public offering overseas shall be filed with the CSRC within three working days after the issuer submits the listing application documents to the overseas regulatory authorities. Where the issuer issues securities in the same overseas market following the previous overseas issuance and listing of securities, it shall be filed with the CSRC within three working days upon the completion of the issuance. Subsequent offerings and listings of securities by the issuer in other foreign markets shall be filed as initial public offerings.

In addition, the issuer shall report the following major events to the CSRC within three working days from the date of the occurrence and announcement of the relevant events: (i) change of control; (ii) being investigated or punished by overseas securities regulatory authorities or the relevant competent authorities; (iii) change of listing status or sector; (iv) voluntary or forced termination of the listing. Where the issuer witnesses significant changes in the main business operations after the overseas issuance and listing and they no longer fall within the scope of the filing, the issuer shall, within three working days from the date of the changes, submit a special report plus legal opinions issued by a domestic law firm to the CSRC, explaining the relevant circumstances.

On February 24, 2023, the CSRC and other relevant governmental authorities promulgated the Regulations on Strengthening the Confidentiality and Archives Management Related to the 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 Regulations**"), which became effective on March 31, 2023. Under the Confidentiality Regulations, if a domestic enterprise provides or publicly discloses, or provides or publicly discloses through its overseas listed entities, documents and information involving state secrets or the working secrets of state organs to the relevant securities companies, securities service organizations, overseas regulatory bodies and other entities and individuals, it shall submit the documents and information to the approving authorities for approval in accordance with the laws and report them to the confidentiality administrative department at the same level for record. Where a domestic enterprise provides accounting archives or copies of accounting archives to the securities companies, securities service organizations, overseas regulatory bodies and other entities and individuals, the enterprise in question shall perform corresponding procedures in accordance with the provisions of the relevant laws and regulations issued by the State.

## OVERVIEW

Our history can be traced back to December 2014, when our co-founders, Dr. Liu Guoqing, Mr. Yang Guang, Mr. Zhou Xiang and Mr. Wang Qicheng established our Company. Each of our co-founders gained knowledge and experience in the technology industry from their respective academic background and past work experience prior to founding our Company, which laid the foundation and drove the success and development of our Company. For detailed biographies of our co-founders, see "Directors, Supervisors and Senior Management." Having considered the growth potential in the intelligent driving industry and utilizing their relevant knowledge and experience in the technology field, our co-founders established our Company with a vision to develop an automotive intelligence ecosystem through technological innovations so as to improve road safety and enhance driving experiences.

Since its establishment in 2014, our Company is dedicated to R&D and innovation and has developed a platform-based and software-hardware-integrated R&D capabilities and in-house developed algorithm structures which drove our rapid technological development. See "Business" for further details. Accredited to the accumulation of technology capabilities, our Company launched our first iSafety solution in 2016. Over the years, our Company has evolved into an intelligent driving and cabin solutions provider in China, offering solutions for critical aspects of the driving experience, including piloting, parking and in-cabin features.

## OUR KEY MILESTONES

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

| Year | Milestone |
|---|---|
| 2014 . . . . . . . | Our Company was established. |
| 2016 . . . . . . . | We developed the prototype of our iSafety solutions, being our first-generation intelligent driving solutions. |
| 2017 . . . . . . . | We commenced bulk delivery of our iSafety solutions. |
| 2018 . . . . . . . | We launched our new-generation iSafety solutions, and obtained design win from passenger vehicle OEM for the first time. |
| 2019 . . . . . . . | We established our intelligent cabin solutions business, and achieved commercialization for our DMS solutions. |
| 2020 . . . . . . . | We established our V2X business. |
| 2021 . . . . . . . | We launched iPilot intelligent driving solutions at Level 2+ automation. |
| | We launched intelligent cabin solutions with interactive functions. |

| Year | Milestone |
|---|---|
| 2022 . . . . . . . | Our first V2X project was delivered. |
| | We were the first batch of intelligent cabin solutions suppliers in the PRC which supported OEMs in obtaining DDAW certifications for their vehicle models under EU GSR. |
| 2023 . . . . . . . | We delivered our iPilot solutions with HNOA function. |
| | OEMs' vehicle models equipped with our DMS solutions received E-NCAP five-star rating. |
| | We have been rated as a national-level specialized, special and new enterprise (國家級專精特新小巨人企業) by the MIIT. |
| | Our Company was converted from a limited liability company into a joint stock company with limited liability. |

## OUR SUBSIDIARIES

### Major Subsidiary

As of the Latest Practicable Date, the following entities were our major subsidiaries which made a material contribution to our results of operation and financial position during the Track Record Period, each of which individually contributed over 10% of the revenue and/or assets of our Group for each financial year or stub period during the Track Record Period and was material to our Group's operations. The Company, Hubei Youjia and Shanghai Youqu collectively contributed over 70% of the revenue and/or assets of our Group during the Track Record Period. Hubei Youjia has been a direct wholly-owned subsidiary of our Company since its establishment. Shanghai Youqu has been a direct non-wholly-owned subsidiary of our Company held as to 60% by our Company since its establishment.

| Name of subsidiary | Place of establishment | Date of establishment | Shareholding | Principal business activities |
|---|---|---|---|---|
| Hubei Youjia . . . . | PRC | December 22, 2017 | 100% | Sales of products |
| Shanghai Youqu . . | PRC | June 30, 2020 | 60% | Sales of products |

### Other Subsidiaries

As of the Latest Practicable Date, our other subsidiaries were principally involved in, among others, R&D and sales of solutions. A summary of the business activities of our other subsidiaries are set out in Note 14 to the Accountant's Report as set out in Appendix I to this prospectus.

## MAJOR SHAREHOLDING CHANGES OF OUR COMPANY

### Establishment of our Company

Our Company was established in the PRC as a limited liability company on December 10, 2014. The initial registered capital of the Company was RMB1,323,529, and the shareholding structure of our Company upon establishment was as follows:

| Shareholders | Registered capital held | Percentage of shareholding |
|---|---|---|
| | *(RMB)* | |
| Liu Guoqing (劉國清) | 686,051 | 51.84% |
| Yang Guang (楊廣) | 201,176 | 15.20% |
| Zhou Xiang (周翔) | 201,176 | 15.20% |
| Wang Qicheng (王啟程) | 180,623 | 13.65% |
| Wu Jianxin (吳建鑫)(1) | 54,503 | 4.12% |
| **Total** | **1,323,529** | **100%** |

*Note:*

(1) Mr. Wu Jianxin was a former Director of our Company. Mr. Wu assisted in founding of our Company and was involved in and provided advice and guidance to our Group's technological development when he was a Director of our Company. He resigned from his directorship in 2023 to focus on his academic endeavours, and has not held any position in the members of our Group since then.

### Series Angel Financing in 2015

On March 18, 2015, our Pre-IPO Investor, Mr. Wu Yongming subscribed for an increased registered capital of RMB147,059 in our Company at a consideration of RMB2.5 million. On March 23, 2015, Mr. Wu further subscribed for an increased registered capital of RMB86,495 in our Company at a consideration of RMB2 million. Upon completion of the foregoing subscriptions, the registered capital of our Company was increased from RMB1,323,529 to RMB1,557,083.

### Series Pre-A1 Financing and Series Pre-A2 Financing in 2016

On April 25, 2016, we completed our series pre-A1 financing through subscription by our Pre-IPO Investor, Hefei Zeyi Semiconductor Investment Partnership (Limited Partnership) (合肥市澤奕半導體投資合夥企業(有限合夥)) ("**Hefei Zeyi**"), formerly known as Hefei Zhongxing Hechuang Semiconductor Venture Capital Fund (Limited Partnership) (合肥市中興合創半導體創業投資基金(有限合夥)), of an increased registered capital of RMB173,009 in our Company at a consideration of RMB12 million.

On August 18, 2016, we completed our series pre-A2 financing through subscription by our Pre-IPO Investor, Beijing Hanbang Hi-Tech Digital Technology Co., Ltd. (北京漢邦高科數字技術股份有限公司) ("**Hanbang Gaoke**"), of an increased registered capital of RMB96,117 in our Company at a consideration of RMB10 million.

Upon completion of the series pre-A1 financing and series pre-A2 financing, the registered capital of our Company was increased from RMB1,557,083 to RMB1,826,209.

**Capital Transfer in 2016**

On November 9, 2016, Dr. Liu Guoqing transferred registered capital of RMB77,855 of our Company to Mr. Yan Shengye (閆勝業), who is a former Director of our Company, at a consideration of RMB77,855. Mr. Yan assisted in founding of our Company and was involved in and provided advice and guidance to our Group's administration, including recruitment and internal appraisal system, when he was a Director of our Company. Mr. Yan resigned from his directorship of the Board in 2023 as he was less involved in the Group's operations and the Board affairs to focus on his other personal commitments, and other than serving as a director of Jiangsu Yuanshi in which he has not held any management role nor involved in the daily operation of Jiangsu Yuanshi, he has not held any position in the members of our Group since then. The capital transfer was conducted based on arm's length negotiation between the Shareholders, and did not involve increase of registered capital by our Company.

**Series Pre-A3 Financing in 2017**

On February 8, 2017, Hefei Zeyi further subscribed for an increased registered capital of RMB96,116 at a consideration of RMB8 million. Upon completion of the series pre-A3 financing, the registered capital of our Company was increased from RMB1,826,209 to RMB1,922,325.

**Capital Transfer, Series A1 Financing and Series A2 Financing in 2018**

On January 19, 2018, certain of our then Shareholders, namely Dr. Liu Guoqing, Mr. Yang Guang, Mr. Zhou Xiang, Mr. Wang Qicheng, Mr. Wu Jianxin and Mr. Yan Shengye, transferred a total of registered capital of RMB38,456 of our Company to our Pre-IPO Investor, Shenzhen Hechuang Intelligent and Health Venture Capital Fund (Limited Partnership) (深圳市合創智能及健康創業投資基金(有限合夥)) ("**Hechuang Intelligent**") at a consideration of RMB4,199,999. The capital transfer was conducted based on arm's length negotiation between the Shareholders, and did not involve increase of registered capital by our Company.

On January 19, 2018 and December 5, 2018, we completed our series A1 financing and series A2 financing, respectively, through increase of the registered capital of our Company as detailed below. The respective subscription amount and consideration paid by the subscribers of the series A1 financing and series A2 financing are as follows:

| Subscribers | Registered capital subscribed for | Consideration |
|---|---|---|
| | *(RMB)* | *(RMB)* |
| ***Series A1 financing*** | | |
| Jinhua Puhua Tianqin Equity Investment Fund Partnership (Limited Partnership) (金華普華天勤股權投資基金合夥企業(有限合夥)) ("**Puhua Tianqin**") | 58,302 | 10,000,000 |
| Hangzhou Binjiang Puhua Tianqing Equity Investment Partnership (Limited Partnership) (杭州濱江普華天晴股權投資合夥企業(有限合夥)) ("**Binjiang Puhua**") | 58,302 | 10,000,000 |
| Hechuang Intelligent | 58,302 | 10,000,000 |
| Qingdao Xinda Pu Chuang Investment Center (Limited Partnership) (青島信達普創投資中心(有限合夥)) ("**Qingdao Xinda**") (formerly known as Shenzhen Hechuang Xinda Investment Management Enterprise (Limited Partnership) (深圳市合創信達投資管理企業(有限合夥))) | 1,656 | 284,000 |
| Shenzhen Jiaxin Yuande Equity Investment Fund Partnership (Limited Partnership) (深圳市嘉信元德股權投資基金合夥企業(有限合夥)) ("**Jiaxin Yuande**") | 69,963 | 12,000,000 |
| Chongqing Dehan New Applied Materials Venture Capital Fund Partnership (Limited Partnership) (重慶德瀚新應用材料創業投資基金合夥企業(有限合夥)) ("**Dehan Capital**") | 23,321 | 4,000,000 |
| Harbin Xinrong Qihang Venture Capital Enterprise (Limited Partnership) (哈爾濱鑫榕啟航創業投資企業(有限合夥)) ("**Xinrong Capital**") | 23,321 | 4,000,000 |

| Subscribers | Registered capital subscribed for | Consideration |
|---|---|---|
| | *(RMB)* | *(RMB)* |
| ***Series A2 financing*** | | |
| Jiaxin Yuande . . . . . . . . . . . . . . . . . . . . . . | 7,774 | 2,000,000 |
| Dehan Capital . . . . . . . . . . . . . . . . . . . . . . | 29,151 | 7,500,000 |
| Xinrong Capital . . . . . . . . . . . . . . . . . . . . . | 29,151 | 7,500,000 |
| Zhejiang Huihong Industrial Investment Co., Ltd. (浙江暉竑產業投資有限公司) ("**Zhejiang Huihong**") (formerly known as Zhejiang Dajia Xiangchi Asset Management Co., Ltd. (浙江大家祥馳資產管理有限公司)) . . . . . . . . . . . . . . . . . . | 38,868 | 10,000,000 |
| Hangzhou Fulin Venture Capital Partnership (Limited Partnership) (杭州復林創業投資合夥企業(有限合夥)) ("**Fulin Investment**") . . . . . . . . . . . . . . | 19,434 | 5,000,000 |

Upon completion of the series A1 financing and series A2 financing, the registered capital of our Company was increased from RMB1,922,325 to RMB2,339,870.

**Capitalization of Capital Reserve, Capital Transfers and Series B Financing in 2019**

On January 8, 2019, our then Shareholders passed a resolution and approved the capitalization of the capital reserve of RMB17,660,130 of our Company. The capitalization of capital reserve was completed on January 31, 2019. Upon the completion of such capitalization, the registered capital of our Company was increased from RMB2,339,870 to RMB20,000,000.

From January to April 2019, the following Shareholders completed a number of transfers of equity interests in our Company, the details of which are set out below:

| Date of completion of transfer | Transferor | Transferee | Registered capital transferred | Consideration |
|---|---|---|---|---|
| | | | *(RMB)* | *(RMB)* |
| January 31, 2019 . . . | Mr. Wu Yongming | Xinrong Capital | 35,098 | 7,500,000 |
| February 1, 2019 . . . | Mr. Wu Yongming | Shanghai Hongjin Enterprise Management Partnership (Limited Partnership) (上海泓津企業管理合夥企業(有限合夥)) ("**Shanghai Hongjin**") | 300,000[(1)] | 7,500,000 |

| Date of completion of transfer | Transferor | Transferee | Registered capital transferred | Consideration |
|---|---|---|---|---|
| | | | *(RMB)* | *(RMB)* |
| April 15, 2019 . . . . . | Mr. Wu Yongming | Beijing Siwei Internet Fund Management Center (Limited Partnership) (北京四維互聯基金管理中心(有限合夥)) ("**Beijing Siwei**") | 503,226 | 15,600,000 |
| April 15, 2019 . . . . . | Hanbang Gaoke | Beijing Siwei | 303,226 | 9,400,000 |

*Note:*

(1) The capital transfer agreement between Mr. Wu Yongming and Shanghai Hongjin was entered into before completion of the capitalization of the capital reserve of our Company in January 2019. The registered capital transferred represented RMB35,098 of the then registered capital of the Company at the time of execution of the capital transfer agreement, and RMB300,000 of the then registered capital upon completion of the capitalization of capital reserve.

These capital transfers were conducted based on arm's length negotiations between the Shareholders, and did not involve increase of registered capital by our Company.

On April 15, 2019 and June 26, 2019, we completed our series B1 financing and series B2 financing, respectively, through capital increase as detailed below. The respective subscription amount and consideration paid by the subscribers of the series B1 financing and series B2 financing are as follows:

| Subscribers | Registered capital subscribed for | Consideration |
|---|---|---|
| | *(RMB)* | *(RMB)* |
| ***Series B1 financing*** | | |
| Beijing Siwei . . . . . . . . . . . . . . . . . . . . . . . . . . . . . | 1,650,000 | 66,000,000 |
| Shenzhen Taolue New Energy Equity Investment Fund Partnership (Limited Partnership) (深圳韜略新能源股權投資基金合夥企業(有限合夥)) ("**Taolue Fund**") . . . . . . . . . . . . . . . . . . . . . . . | 500,000 | 20,000,000 |
| ***Series B2 financing*** | | |
| Shenzhen Futian District Shanchuang Small, Medium and Micro Equity Investment Fund Partnership (Limited Partnership) (深圳市福田區杉創中小微股權投資基金合夥企業(有限合夥)) ("**Shenzhen Shanchuang**"). . . . . . . . . . . . . . . . . | 681,818 | 30,000,000 |

Upon completion of the series B1 financing and B2 financing, the registered capital of our Company was increased from RMB20,000,000 to RMB22,831,818.

**Series Pre-C financing, Series C1 financing and Series C2 financing, and Capital Transfers in 2020**

We completed series pre-C financing, series C1 financing and series C2 financing through increase of the registered capital of our Company on July 15, 2020, September 8, 2020 and October 26, 2020, respectively, as detailed below. The respective subscription amount and consideration paid by the subscribers of series pre-C financing, series C1 financing and series C2 financing are as follows:

| Subscribers | Registered capital subscribed for | Consideration |
|---|---|---|
| | *(RMB)* | *(RMB)* |
| ***Series pre-C financing*** | | |
| Beijing Siwei | 1,045,467 | 46,000,000 |
| Shanghai Moqin Intelligent Technology Co., Ltd. (上海摩勤智能技術有限公司) ("**Moqin Intelligent**") | 454,551 | 20,000,000 |
| ***Series C1 financing*** | | |
| Jiaxin Yuande | 442,397 | 20,000,000 |
| Shenzhen Kangchengheng Ruixiang Investment Partnership (Limited Partnership) (深圳市康成亨睿享投資合夥企業(有限合夥)) ("**Kangchengheng Ruixiang**") | 442,397 | 20,000,000 |
| SME Development Fund (Shenzhen Nanshan Limited Partnership) (中小企業發展基金(深圳南山有限合夥)) ("**SME Development**") | 663,596 | 30,000,000 |
| ***Series C2 financing*** | | |
| Zhuhai Jiashi Shengqi Venture Capital Fund Partnership (Limited Partnership) (珠海嘉實盛啟創業投資基金合夥企業(有限合夥)) ("**Jiashi Shengqi**") | 313,205 | 15,732,708 |
| Zhuhai Jiashi Shengde Venture Capital Fund Partnership (Limited Partnership) (珠海嘉實盛德創業投資基金合夥企業(有限合夥)) ("**Jiashi Shengde**") | 397,457 | 19,964,830 |
| Zhuhai Jiashi Shengxuan Venture Capital Fund Partnership (Limited Partnership) (珠海嘉實盛烜創業投資基金合夥企業(有限合夥)) ("**Jiashi Shengxuan**") | 284,731 | 14,302,462 |

| Subscribers | Registered capital subscribed for | Consideration |
|---|---|---|
| | *(RMB)* | *(RMB)* |
| Hangzhou Yuanjing Chuangheng Equity Investment Fund Partnership (Limited Partnership) (杭州圓璟創恒股權投資基金合夥企業(有限合夥)) ("**Hangzhou Yuanjing**") | 278,710 | 14,000,000 |
| Suzhou Yuanjing Equity Investment Partnership (Limited Partnership) (蘇州圓璟股權投資合夥企業(有限合夥)) ("**Suzhou Yuanjing**") | 278,710 | 14,000,000 |
| Mr. Li Fan (李凡) | 437,973 | 22,000,000 |

Upon completion of the series pre-C financing, series C1 financing and C2 financing, the registered capital of our Company was increased from RMB22,831,818 to RMB27,871,012.

On October 26, 2020, Hanbang Gaoke transferred (i) registered capital of RMB163,096 to Jiashi Shengqi at a consideration of RMB6,267,292, (ii) registered capital of RMB206,969 to Jiashi Shengde at a consideration of RMB7,953,203, and (iii) registered capital of RMB148,269 to Jiashi Shengxuan at a consideration of RMB5,697,538. These capital transfers were conducted based on arm's length negotiations between the Shareholders, and did not involve increase of registered capital by our Company.

**Establishment of the ESOP Holding Entities**

The ESOP Holding Entities, namely Youjia Qingcheng, Youjia Zhongcheng and Youjia Licheng, were established as limited partnerships under the laws of the PRC between 2020 and 2021, where Dr. Liu Guoqing acts as the general partner in each of the ESOP Holding Entities. The ESOP Holding Entities were established to hold equity interests in our Company as our employee ownership platforms.

On December 25, 2020, Dr. Liu Guoqing transferred registered capital of RMB1,000,000 held by him in our Company to Youjia Qingcheng at a consideration of RMB1.

For further details of the ESOP Holding Entities, see "— Employee Ownership Platforms."

**Series D1 Financing, Series D2 Financing, and Capital Transfers in 2021**

We completed our series D1 financing and series D2 financing through increase of the registered capital of our Company on April 28, 2021 and December 30, 2021, respectively, as detailed below. The respective subscription amount and consideration paid by the subscribers of series D1 financing and series D2 financing are as follows:

| **Subscribers** | **Registered capital subscribed for** | **Consideration** |
|---|---|---|
| | *(RMB)* | *(RMB)* |
| ***Series D1 financing*** | | |
| Jiashi Shengqi | 121,659 | 7,857,143 |
| Jiashi Shengxuan | 110,599 | 7,142,857 |
| Hangzhou Yuanjing | 154,839 | 10,000,000 |
| Suzhou Yuanjing | 154,839 | 10,000,000 |
| Shenzhen Wanhe | 325,162 | 21,000,000 |
| Qingdao CICC Alpha Intelligent Internet Industry Equity Investment Fund (Limited Partnership) (青島中金甲子智能互聯產業股權投資基金(有限合夥)) (“**CICC Alpha**”) | 774,195 | 50,000,000 |
| Dongfeng Asset Management Co., Ltd. (東風資產管理有限公司) (“**Dongfeng Asset Management**”) | 774,195 | 50,000,000 |
| ***Series D2 financing*** | | |
| Zhongjin (Changde) Emerging Industry Venture Capital Partnership (Limited Partnership) (中金(常德)新興產業創業投資合夥企業(有限合夥)) (“**CICC Changde**”) | 496,482 | 45,000,000 |
| Liantong Zhongjin Innovation Industry Equity Investment Fund (Shenzhen) Partnership (Limited Partnership) (聯通中金創新產業股權投資基金(深圳)合夥企業(有限合夥)) (“**Liantong CICC**”) | 661,976 | 60,000,000 |
| Shenzhen Nanshan Dongfang Fuhai Small, Medium and Micro Venture Capital Fund Partnership (深圳南山東方富海中小微創業投資基金合夥企業) (“**Dongfang Fuhai**”) | 165,494 | 15,000,000 |

| Subscribers | Registered capital subscribed for | Consideration |
|---|---|---|
| | *(RMB)* | *(RMB)* |
| Shenzhen Fuhai Youxuan No. 2 High-tech Venture Capital Partnership (Limited Partnership) (深圳市富海優選二號高科技創業投資合夥企業(有限合夥)) ("**Fuhai Youxuan**") | 165,494 | 15,000,000 |
| Chongqing Kexing Kechuang Equity Investment Fund Partnership (Limited Partnership) (重慶科興科創股權投資基金合夥企業(有限合夥)) ("**Chongqing Kexing**") | 165,494 | 15,000,000 |
| Chongqing Shenghehui Enterprise Management Partnership (Limited Partnership) (重慶盛禾匯企業管理合夥企業(有限合夥)) ("**Chongqing Shenghehui**") | 220,658 | 20,000,000 |

Upon completion of the series D1 financing and D2 financing, the registered capital of our Company was increased from RMB27,871,012 to RMB32,162,098.

From April to December 2021, the following Shareholders completed a number of transfers of equity interests in our Company, the details of which are set out below:

| Date of completion of transfer | Transferor | Transferee | Registered capital transferred | Consideration |
|---|---|---|---|---|
| | | | *(RMB)* | *(RMB)* |
| April 28, 2021 | Dr. Liu Guoqing | Jiashi Shengqi | 31,284 | 1,571,430 |
| | | Jiashi Shengxuan | 28,440 | 1,428,570 |
| | Mr. Yang Guang | Shenzhen Qianhe Wanhe Venture Capital Partnership (Limited Partnership) (深圳千賀萬禾創業投資合夥企業(有限合夥)) ("**Shenzhen Wanhe**") | 59,724 | 3,000,000 |

| Date of completion of transfer | Transferor | Transferee | Registered capital transferred | Consideration |
|---|---|---|---|---|
| | | | *(RMB)* | *(RMB)* |
| | Mr. Zhou Xiang | Hangzhou Yuanjing | 29,862 | 1,500,000 |
| | | Suzhou Yuanjing | 29,862 | 1,500,000 |
| | Mr. Wang Qicheng | Jiashi Shengqi | 10,428 | 523,810 |
| | | Jiashi Shengxuan | 9,480 | 476,190 |
| | | Hangzhou Yuanjing | 9,954 | 500,000 |
| | | Suzhou Yuanjing | 9,954 | 500,000 |
| | | Shenzhen Wanhe | 19,908 | 1,000,000 |
| September 13, 2021 . . . . . . . . . | Dehan Capital | Shanghai Ganche Intelligent Technology Partnership (Limited Partnership) (上海淦澈智能科技合夥企業(有限合夥)) ("**Shanghai Ganche**") | 448,500 | 14,000,000 |
| December 16, 2021. | Hefei Zeyi | Shenzhen Zeyi Semiconductor Investment Partnership (Limited Partnership) (深圳澤奕半導體投資合夥企業(有限合夥)) ("**Shenzhen Zeyi**") | 2,300,340 | 85,730,000 |

These capital transfers were conducted based on arm's length negotiations between the Shareholders, and did not involve increase of registered capital by our Company.

**Series D2+ Financing, Series D3 Financing, Subscription by or Capital Transfer of the ESOP Holding Entities and Capital Transfers in 2022**

We completed our series D2+ financing and series D3 financing through capital increase on January 26, 2022 and May 24, 2022, respectively, as detailed below. The respective subscription amount and consideration paid by the subscribers of series D2+ financing and series D3 financing are as follows:

| Subscribers | Registered capital subscribed for | Consideration |
|---|---|---|
| | *(RMB)* | *(RMB)* |
| ***Series D2+ financing*** | | |
| Guokai Zhizao Transformation and Upgrading Fund (Limited Partnership) (國開製造業轉型升級基金(有限合夥)) ("**Guokai Zhizao**") | 2,206,586 | 200,000,000 |
| ***Series D3 financing*** | | |
| Hubei Cathay Car Tech Equity Investment Fund Partnership L.P. (湖北凱輝長江汽車產業股權投資基金合夥企業(有限合夥)) ("**Hubei Cathay Cartech**") | 397,310 | 50,000,000 |
| Jinning Economic Development Industry Strong Chain Equity Investment (Hubei) Partnership (Limited Partnership) (金寧經開產業強鏈股權投資(湖北)合夥企業(有限合夥)) ("**Jinning Qianglian**") | 381,418 | 48,000,000 |
| Sichuan Shenwan Hongyuan Changhong Equity Investment Fund Partnership (Limited Partnership) (四川申萬宏源長虹股權投資基金合夥企業(有限合夥)) ("**Shenwan Changhong**") | 27,601 | 3,473,523 |
| Shenhong Huichuang Development (Foshan) Equity Investment Partnership (Limited Partnership) (申宏匯創發展(佛山)股權投資合夥企業(有限合夥)) ("**Shenhong Huichuang**") | 27,601 | 3,473,523 |

On May 17, 2022, each of Youjia Zhongcheng and Youjia Licheng, two of the ESOP Holding Entities, subscribed for an increased registered capital of RMB624,464 and RMB312,232 of our Company at a consideration of RMB624,464 and RMB312,232, respectively. On September 29, 2022, Dr. Liu Guoqing further transferred registered capital of RMB330,072 held by him in our Company to Youjia Qingcheng at a nominal consideration of RMB1.

Upon completion of the series D2+ financing and D3 financing and the subscription by or transfer of registered capital by the ESOP Holding Entities, the registered capital of our Company was increased from RMB32,162,098 to RMB36,139,310.

From May to September 2022, the following Shareholders completed a number of transfers of equity interests in our Company, the details of which are set out below:

| Date of completion of transfer | Transferor | Transferee | Registered capital transferred | Consideration |
|---|---|---|---|---|
| | | | *(RMB)* | *(RMB)* |
| May 17, 2022 . . . . | Taolue Fund | Hubei Cathay Cartech | 325,166 | 28,000,000 |
| | | Shanghai Jipei Xinsheng Management Consulting Partnership (Limited Partnership) (上海吉佩新盛管理諮詢合夥企業(有限合夥)) (“**Jipei Xinsheng**”) | 23,226 | 2,000,000 |
| | | Shenwan Changhong | 75,804 | 6,527,482 |
| | | Shenhong Huichuang | 75,804 | 6,527,482 |
| September 29, 2022 . . . . . . . . | Dongfeng Asset Management | Xinzhifeng (Wuhan) Equity Investment Fund Partnership (Limited Partnership) (信之風(武漢)股權投資基金合夥企業(有限合夥)) (“**Xinzhifeng**”) | 774,195 | 50,000,000 |

These capital transfers were conducted based on arm’s length negotiations between the Shareholders, and did not involve increase of registered capital by our Company.

**Conversion into a Joint Stock Company in 2023**

On June 7, 2023, our Company was converted from a limited liability company into a joint stock company with limited liability. Upon completion of such conversion, the registered capital of our Company was RMB36,139,310 divided into 36,139,310 Shares with a nominal value of RMB1.00 each, which were subscribed by all the then Shareholders in proportion to their respective equity interest in our Company before the conversion.

**Series Pre-IPO Financing, Series Pre-IPO+ Financing, and Capitalization of Capital Reserve in 2023**

We completed our series Pre-IPO financing and series Pre-IPO+ financing through capital increase on October 18, 2023 and December 1, 2023, respectively, as detailed below. The respective subscription amount and consideration paid by the subscribers of the series Pre-IPO financing and series Pre-IPO+ financing are as follows:

| Subscribers | Number of Shares subscribed for | Consideration |
|---|---|---|
| | | *(RMB)* |
| ***Series Pre-IPO financing*** | | |
| Guangzhou Science and Technology Industry Investment Fund Partnership (Limited Partnership) (廣州科創產業投資基金合夥企業(有限合夥)) ("**Chantou Fund**") | 289,114 | 40,000,000 |
| Guangzhou Kechuangzhihui No. 2 Venture Capital Partnership (Limited Partnership) (廣州科創智匯二號創業投資合夥企業(有限合夥)) ("**Kechuangzhihui No. 2**") | 36,139 | 5,000,000 |
| Guangzhou Suikai Intelligent Manufacturing Equity Investment Partnership (Limited Partnership) (廣州穗開智造股權投資合夥企業(有限合夥)) ("**Suikai Intelligent**") | 202,380 | 28,000,000 |
| Guangzhou Suikai Intelligent Manufacturing No. 2 Equity Investment Partnership (Limited Partnership) (廣州穗開智造貳號股權投資合夥企業(有限合夥)) ("**Suikai Intelligent No. 2**") | 159,013 | 22,000,000 |
| Guangzhou Hehe Suikai Investment Partnership (Limited Partnership) (廣州和合穗開投資合夥企業(有限合夥)) ("**Hehe Suikai**") | 10,697 | 1,480,000 |
| Chaogaoqing Video Industry Investment Fund (Guangzhou) Partnership (Limited Partnership) (超高清視頻產業投資基金(廣州)合夥企業(有限合夥)) ("**Chaogaoqing Fund**") | 144,557 | 20,000,000 |

| Subscribers | Number of Shares subscribed for | Consideration |
|---|---|---|
| | | *(RMB)* |
| Suzhou Industrial Park Huazhi Xingrui Venture Capital Partnership (Limited Partnership) (蘇州工業園區華智興瑞創業投資合夥企業(有限合夥)) ("**Huazhi Xingrui**") | 216,836 | 30,000,000 |
| Shanghai Boyuan Hongcheng Venture Capital Partnership (Limited Partnership) (上海博原鴻成創業投資合夥企業(有限合夥)) ("**Boyuan Hongcheng**") | 216,836 | 30,000,000 |
| Suzhou Xinjing Fuying Venture Capital Partnership (Limited Partnership) (蘇州新景富盈創業投資合夥企業(有限合夥)) ("**Xinjing Fuying**") | 144,557 | 20,000,000 |
| Tongxiang Wuzhen Puhua Fengqi Venture Capital Partnership (Limited Partnership) (桐鄉烏鎮普華鳳棲創業投資合夥企業(有限合夥)) ("**Puhua Fengqi**") | 722,786 | 100,000,000 |
| Jiangmen Kexi Zhongke Selected No. 4 Venture Capital Partnership (Limited Partnership) (江門珂璽中科特選四號創業投資合夥企業(有限合夥)) ("**Kexi Zhongke**") | 86,734 | 12,000,000 |
| ***Series Pre-IPO+ financing*** | | |
| Liantong CICC | 216,836 | 30,000,000 |
| Hangzhou Yuanjing Lechi Equity Investment Fund Partnership (Limited Partnership) (杭州圓景樂馳股權投資基金合夥企業(有限合夥)) ("**Hangzhou Yuanjing Lechi**") | 72,279 | 10,000,000 |

Upon completion of the series pre-IPO financing and pre-IPO+ financing, the registered capital of our Company was increased from RMB36,139,310 to RMB38,658,074.

On November 17, 2023, our then Shareholders passed a resolution and approved the capitalization of the capital reserve of RMB321,341,926 of our Company. The capitalization of capital reserve was completed on December 1, 2023. Upon completion of such capitalization, the registered capital of our Company was increased from RMB38,658,074 to RMB360,000,000.

### PRC Legal Advisor's Confirmation

As advised by our PRC Legal Advisor, our Company has made all necessary registrations or filings with the relevant local branch of SAMR in respect of the transfers, capital increases and issuances of Shares set out above in all material respects, and such transfers, capital increases and issuances of Shares were conducted in compliance with the applicable PRC laws and regulations in all material respects.

## ACQUISITION DURING THE TRACK RECORD PERIOD

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

## PRE-IPO INVESTMENTS

### Overview

Between 2015 and 2023, we completed series of Pre-IPO Investments in our Company. Details of the Pre-IPO Investments are summarized below.

| Pre-IPO Investment | Timing of investment agreement(s) or shareholders' approval | Payment timing of consideration(2) | Amount of registered capital/ Number of Shares subscribed for | Amount of consideration | Post-money valuation(3) (approximate) | Cost per Share(4) (approximate) | Adjusted cost per Share(7) (approximate) | Discount to the Offer Price(8) (approximate) |
|---|---|---|---|---|---|---|---|---|
| Series Angel | March 2015 | February 2015 | RMB147,059 | RMB2.5 million | RMB25 million | RMB17.00 | RMB0.21 | 98.79% |
| | March 2015 | March 2015 | RMB86,495 | RMB2.0 million | RMB36 million | RMB23.12 | RMB0.29 | 98.33% |
| Series Pre-A1 | March 2016 | April 2016 | RMB173,009 | RMB12 million | RMB120 million | RMB69.36 | RMB0.87 | 94.98% |
| Series Pre-A2 | July 2016 | July 2016 | RMB96,117 | RMB10 million | RMB190 million | RMB104.04(5) | RMB1.31 | 92.45% |
| Series Pre-A3 | September 2016 | October 2016 | RMB96,116 | RMB8 million | RMB160 million | RMB83.23 | RMB1.05 | 93.95% |
| Series A1 | October 2017 | December 2017 | RMB293,167 | RMB50.284 million | RMB380 million | RMB171.52 | RMB2.15 | 87.60% |
| Series A2 | October 2018 | November 2018 | RMB124,378 | RMB32 million | RMB602 million | RMB257.28(6) | RMB3.23 | 81.38% |
| Series B1 | February 2019 | April 2019 | RMB2,150,000 | RMB86 million | RMB886 million | RMB40.00 | RMB4.30 | 75.21% |
| Series B2 | May 2019 | June 2019 | RMB681,818 | RMB30 million | RMB1,005 million | RMB44.00 | RMB4.72 | 72.79% |
| Series Pre-C | April 2020 | June 2020 | RMB1,500,018 | RMB66 million | RMB1,071 million | RMB44.00 | RMB4.72 | 72.79% |
| Series C1 | July 2020 | August 2020 | RMB1,548,390 | RMB70 million | RMB1,170 million | RMB45.21 | RMB4.85 | 72.04% |
| Series C2 | September 2020 | October 2020 | RMB1,990,786 | RMB100 million | RMB1,400 million | RMB50.23 | RMB5.39 | 68.92% |
| Series D1 | March 2021 | May 2021 | RMB2,415,488 | RMB156 million | RMB1,956 million | RMB64.58 | RMB6.94 | 59.99% |
| Series D2 | December 2021 | December 2021 | RMB1,875,598 | RMB170 million | RMB2,915 million | RMB90.64 | RMB9.73 | 43.90% |
| Series D2+ | December 2021 | December 2021 | RMB2,206,586 | RMB200 million | RMB3,115 million | RMB90.64 | RMB9.73 | 43.90% |
| Series D3 | May 2022 | May 2022 | RMB833,930 | RMB104,947,046 | RMB4,548 million | RMB125.85 | RMB13.51 | 22.11% |
| Series Pre-IPO | August 2023 | October 2023 | 2,229,649 Shares | RMB308.48 million | RMB5,309 million | RMB138.35 | RMB14.86 | 14.33% |
| Series Pre-IPO+ | November 2023 | December 2023 | 289,115 Shares | RMB40 million | RMB5,348 million | RMB138.35 | RMB14.86 | 14.33% |

*Notes:*

(1) The Pre-IPO Investments consist of both (i) subscription of additional registered capital of the Company or new Shares by the Pre-IPO Investors, for which the Company was a party to such Pre-IPO Investments and received proceeds from such Pre-IPO Investors, the details of which are set out in this table; and (ii) transfer of existing registered capital or Shares to the Pre-IPO Investors, for which the Company was not a party to such Pre-IPO Investments and received no proceeds from such Pre-IPO Investors, and for further details of such transfers, please refer to the paragraph headed "— Major Shareholding Changes of our Company" above.

(2) This refers to the timing of last payment made by the relevant Pre-IPO Investors in the relevant series of Pre-IPO Investment.

(3) The post-money valuation refers to cost per additional registered capital or newly issued Share paid to the Company for the corresponding series of Pre-IPO Investment, multiplied by the amount of registered capital or number of issued share capital of the Company immediately after the corresponding series of Pre-IPO Investment.

(4) The cost per Share of each series of Pre-IPO Investment is calculated by dividing the total amount of consideration by the amount of registered capital or number of Shares subscribed by the Pre-IPO Investors in that series of Pre-IPO Investment.

(5) The higher cost per Share for the series Pre-A2 IPO Investment as compared to the series Pre-A1 IPO Investment was determined based on arm's length negotiations between our Company and the Pre-IPO Investor of the series Pre-A2 IPO Investment, taking into account the overall increase in valuation of the then automotive intelligence solutions industry and the individual investor's confidence in the business potential of our Company (especially with the launch of our first iSafety solutions, being our first-generation intelligent driving solutions in 2016).

(6) The difference in cost per Share between series A2 Pre-IPO Investment and the subsequent series of Pre-IPO Investments was due to the capitalization of capital reserve completed in January 2019 before series B1 Pre-IPO Investment.

(7) The adjusted cost per Share is adjusted with reference to the capitalization of capital reserve of our Company in January 2019 and December 2023 as set out in the section headed "Major Shareholding Changes of Our Company" above.

(8) The discount to the Offer Price is calculated based on the Offer Price of HK$18.60 per Offer Share (being the mid-point of the indicative Offer Price range of HK$17.00 and HK$20.20 per Offer Share) as compared with the adjusted cost per Share.

**Principal terms of the Pre-IPO Investments**

| | |
|---|---|
| Use of proceeds from the Pre-IPO Investments: . . . . . | The gross proceeds from the Pre-IPO Investments involving increase of registered capital and/or issuance of new Shares by our Company amounted to approximately RMB1,448 million, which has been utilized in part for the research and development and the operation of our Group's business.<br><br>As of the Latest Practicable Date, an amount of approximately RMB134 million remained unutilized and will be used for the operation and further development of our Group's business, including research and development, market expansion and business operation as a supplement to the use of the proceeds from the Global Offering.<br><br>No proceeds were received by our Company from the Pre-IPO Investments that involved transfers of existing registered capital or Shares by our Company to the Pre-IPO Investors. |
| Strategic benefits the Pre-IPO Investors brought to our Company: . . . . . . . . . . . . . | We are of the view that our Group can benefit from the additional capital provided by the Pre-IPO Investors' investments in our Company. Some of the Pre-IPO Investors are investors in the relevant industries, and can provide us with their knowledge and experience, which we believe would be helpful to our Group's future development. The Pre-IPO Investors' investments also demonstrated their confidence in our Group's operations and served as a validation of our Group's performance, strengths and prospects. |
| Basis of determining the consideration paid: . . . . . . . | The consideration for each of the Pre-IPO Investments which involved increase of registered capital and/or issuance of new Shares in which the Company was a party was determined based on arm's length negotiations between our Group and each of the Pre-IPO Investors, after taking into consideration the timing of investment, and the then status of our business and operating entities.<br><br>To the best knowledge of our Company, for the Pre-IPO Investments which involved the transfer of existing registered capital or Shares to the Pre-IPO Investors, the considerations were determined among the relevant then Shareholders of our Company and the relevant Pre-IPO Investors upon their respective arm's length negotiations. |

Lock-up period: . . . . . . . . . . . Pursuant to the applicable PRC laws, within the 12 months following the Listing Date, all existing Shareholders (including the Pre-IPO Investors) cannot dispose of any of the Shares held by them.

Special rights of the Pre-IPO Investors: . . . . . . . . . . . . . . Pursuant to the shareholders' agreement executed in November 2023, entered into among our Company and the Pre-IPO Investors, as amended and supplemented in May 2024 (collectively, the "**Shareholders' Agreement**"), the Pre-IPO Investors were granted with certain special rights, including, among others, divestment rights, drag-along rights, co-sale rights, redemption rights, rights of first refusal, pre-emptive rights, information and inspection rights, director nomination rights and anti-dilution rights (whereby the Pre-IPO Investors have the right to subscribe for additional Shares to be issued by our Company pursuant to the Global Offering so as to maintain their respective percentage of shareholding at the Offer Price).

Pursuant to the Shareholders' Agreement, the Company's obligations in relation to certain special rights granted to the Pre-IPO Investors (including certain indemnity, redemption, winding-up and other collateral obligations by or of the Company) have been irrevocably terminated and shall be *void ab initio*.

Pursuant to the Shareholders' Agreement, (a) all divestment rights, drag-along rights, and co-sale rights granted to the Pre-IPO Investors and the redemption rights that entitle the Pre-IPO Investors to require, among others, the Concert Party Group to repurchase their respective Shares have been automatically terminated immediately before the first filing of listing application by the Company with the Stock Exchange, provided that such divestment rights and redemption rights shall be automatically restored on the following day upon the occurrence of the earliest of (i) the CSRC not granting a notice of filing for the Global Offering, (ii) the rejection of the listing application to the Stock Exchange, (iii) the withdrawal of the listing application to the Stock Exchange, (iv) the Stock Exchange not granting approval for the Listing, or (v) six months after the lapse of the listing application to the Stock Exchange without re-submission of the listing application; and (b) all other special rights will be automatically terminated upon Listing on (and inclusive of) the Listing Date.

**Non-Competition Undertakings provided by the Non-competition Covenantors**

Each of Dr. Liu Guoqing, Mr. Yang Guang, Mr. Zhou Xiang, Mr. Wang Qicheng, Mr. Yan Shengye and Mr. Wu Jianxin (collectively, the "**Non-competition Covenantors**") provided an undertaking in favor of the Pre-IPO Investors, pursuant to which, they have undertaken that during the period the Pre-IPO Investors remain as a Shareholder, without the prior consent of the Pre-IPO Investors, the Non-competition Covenantors shall not, and shall cause their respective affiliates, senior management member and core personnel not to: (i) make any form of investment in any business that directly or indirectly compete with the business of the Group (the "**Competing Business**"), be engaged in such Competing Business or provide consultation, assistance or other services to such Competing Business; (ii) directly or indirectly hold any equity interest, shares, option or other form of interest in the Competing Business; (iii) recruit, solicit, or attempt to recruit or solicit any current management personnel, manager, consultant, employee, customer, supplier or other business partners of the Group, or affect or attempt to affect the Group's relationship with the foregoing; (iv) other than for the benefit of the Group, use any trademark or other intellectual property right used by the Group, or dispute or register any such intellectual property in jurisdictions where such intellectual property right is used by the Group; (v) be employed by the Competing Business; or (vi) enter into any other form of cooperation with the Competing Business (including but not limited joint venture, provision of consultation services, provision of funds, etc.), unless such cooperation is for the benefit of the Group or has obtained the prior consent of the Group and the Pre-IPO Investors.

The undertaking was provided as part of the terms of the Pre-IPO Investment as agreed between the Non-competition Covenantors and the Pre-IPO Investors. The Company believes that the undertaking made by the Non-competition Covenantors is in the interest of the Company and the Shareholders as it serves as a protective mechanism to protect the Group from the Competing Business and the potential loss of talents, business interests or opportunities which may be resulted from such competition and to safeguard trade secrets and confidential information of the Group.

**Information about our Major Pre-IPO Investors**

Set out below is a description of our major Pre-IPO Investors (which are the Pre-IPO Investors (together with their respective close associates) which held 1% or more of our total issued Shares as of the Latest Practicable Date) and their respective beneficial owner(s) and background and their relationship with the Group and/or any connected person of the Company. To the best of the Company's knowledge, information and belief, all the Pre-IPO Investors are Independent Third Parties.

### *1. Beijing Siwei*

Beijing Siwei is a limited partnership established under the laws of the PRC. Its general partner is Beijing Siwei Tiansheng Private Equity Fund Management Co., Ltd. (北京四維天盛私募基金管理有限公司) ("**Beijing Siwei Management**"). Beijing Siwei is held by Beijing Siwei Management as to 1% and its limited partner, NavInfo Co., Ltd. (北京四維圖新科技股份有限公司) ("**NavInfo**") as to 99%. NavInfo is a company listed on the Shenzhen Stock Exchange (stock code: 002405), and principally operates in the smart mobility solutions industry in the PRC.

### *2. Shenzhen Zeyi*

Shenzhen Zeyi is a limited partnership established under the laws of the PRC. It is principally engaged in equity investment. Its general partner is Shenzhen Zeyi Private Equity Venture Capital Fund Management Co., Ltd. (深圳澤奕私募創業投資基金管理有限公司) ("**Shenzhen Zeyi Management**"), which is in turn held by Chi Ke (池可) as to 75.23%. Shenzhen Zeyi is held as to 1.03% by Shenzhen Zeyi Management, and its limited partners, among which (i) 33.33% is held by Gongqingcheng Xinxing Entrepreneurship Investment Partnership (Limited Partnership) (共青城欣興創業投資合夥企業(有限合夥)) ("**Gongqingcheng**"), (ii) 33.33% is held by Shenzhen Times Trust Creation No. 1 Investment Partnership (Limited Partnership) (深圳時代信創壹號投資合夥企業(有限合夥) ("**Shenzhen Times**"), and (iii) 32.31% is held by nine other limited partners, none of which holds one-third or more of the interest therein. Gongqingcheng is held by Chen Yaoqing (陳瑤清) as to over 90%, and Shenzhen Times is held by a total of 18 partners and none of which holds one-third or more of the interest therein.

### *3. Guokai Zhizao*

Guokai Zhizao is a limited partnership established under the laws of the PRC. It is principally engaged in equity investment. Its general partner is Guokai Investment Fund Management Co., Ltd. (國開投資基金管理有限責任公司) ("**Guokai Management**"), which is in turn wholly owned by China Development Bank Capital Co., Ltd (國開金融有限責任公司) ("**CDB**"). Guokai Zhizao is held by Guokai Management as to 0.2% and its limited partner, National Manufacturing Transformation and Upgrade Fund Co., Ltd. (國家製造業轉型升級基金股份有限公司) ("**Manufacturing Transformation Fund**") as to 99.8%. Manufacturing Transformation Fund is in turn held by CDB as to 13.59% and 19 other shareholders as to 86.41%, none of which holds one-third or more of the interest therein.

### *4. CICC Capital*

*Liantong CICC*

Liantong CICC is a limited partnership established under the laws of the PRC. It is principally engaged in equity investment. Its general partner is Liantong CICC Private Equity Investment Management (Shenzhen) Co., Ltd. (聯通中金私募股權投資管理(深圳)有限公司)

("**Liantong CICC PE Management**"), which is in turn held by (i) CICC Capital Operations Co., Ltd. (中金資本運營有限公司) ("**CICC Capital**") (which is in turn ultimately wholly owned by China International Capital Corporation Ltd. (中國國際金融股份有限公司), a company listed on the Stock Exchange (stock code: 3908)) and the Shanghai Stock Exchange (stock code: 601995) as to 51%, and (ii) China Unicom Capital Investment Holdings Limited (聯通資本投資控股有限公司) (which is in turn ultimately wholly owned by SASAC) as to 49%. Liantong CICC is held by Liantong CICC PE Management as to 0.54%, and 15 limited partners as to 99.46% in aggregate, none of which holds one-third or more of interest therein.

*CICC Alpha*

CICC Alpha is a limited partnership established under the laws of the PRC. It is principally engaged in equity investment. Its general partner is CICC ALPHA (Beijing) Private Equity Investment Fund Management Co., Ltd. (中金甲子(北京)私募投資基金管理有限公司) ("**CICC Alpha PE Management**"), which is in turn held by (i) CICC Capital as to 51%, and (ii) Jiazi Wan Hui (Beijing) Consulting Co., Ltd. (甲子萬匯(北京)諮詢有限公司) as to 49%. CICC Alpha is held by CICC Alpha PE Management as to 1%, and 20 limited partners as to 99%, none of which holds one-third or more of interest therein.

*CICC Changde*

CICC Changde is a limited partnership established under the laws of the PRC. It is principally engaged in equity investment. Its general partner is CICC Capital. CICC Changde is held by CICC Capital as to 2%, and seven limited partners as to 98%, among which, Hunan Caixin Investment Holding Co., Ltd. (湖南財鑫資本管理有限公司) ("**Hunan Caixin**"), holds 47.7% interest therein, and none of the other limited partners holds one-third or more of the interest therein. Hunan Caixin is in turn ultimately owned by Changde Municipal Finance Bureau (常德市財政局) as to 66.79%.

### *5. Mr. Wu Yongming and his controlled entity*

*Mr. Wu Yongming*

Mr. Wu Yongming is an individual investor and a shareholder of a Chinese multinational technology company listed on the Stock Exchange and the New York Stock Exchange.

*Hangzhou Yuanjing Lechi*

Hangzhou Yuanjing Lechi is a limited partnership established under the laws of the PRC. It is principally engaged in equity investment. Its general partner is Hangzhou Yuanjing Ruiheng Investment Management Co., Ltd. (杭州元璟睿恒投資管理有限公司) ("**Yuanjing Ruiheng**"), which is in turn held as to 83% by Wu Yongming. Hangzhou Yuanjing Lechi is held by Yuanjing Ruiheng as to 0.1% and four limited partners, among which Hangzhou Yuanjing Equity Investment Partnership (Limited Partnership) (杭州圓景股權投資合夥企業(有限合夥)) ("**Hangzhou Yuanjing Partnership**") holds 35.4% therein, and Hangzhou Yuanjing Letong

Venture Capital Partnership (Limited Partnership) (杭州圓璟樂彤創業投資合夥企業(有限合夥)) ("**Hangzhou Yuanjing Letong Partnership**") holds 38.8% therein. Hangzhou Yuanjing Partnership is held by Hangzhou Ali Venture Capital Co., Ltd. (杭州阿里創業投資有限公司) as to approximately 40.9%, a company wholly owned by Hangzhou Zhenxi Investment Management Co., Ltd. (杭州臻希投資管理有限公司), which is in turn ultimately held by Hangzhou Zhenqiang Investment Management Partnership (Limited Partnership) (杭州臻強投資管理合夥企業 (有限合夥)) ("**Hangzhou Zhenqiang**") and Hangzhou Zhensheng Investment Management Partnership (Limited Partnership) (杭州臻晟投資管理合夥企業(有限合夥)) ("**Hangzhou Zhensheng**") as to 50% each. Each of Hangzhou Zhenqiang and Hangzhou Zhensheng is held as to 0.0001% by their respective general partner, Hangzhou Zhenyue Enterprise Management Co., Ltd. (杭州臻悅企業管理有限公司) and five individual limited partners ("**Individual Limited Partners**"), each of whom is an Independent Third Party holding less than 30% of interest therein. Hangzhou Zhenyue Enterprise Management Co., Ltd. is held by Individual Limited Partners, none of whom holds 30% or more of interest therein. Hangzhou Yuanjing Letong Partnership is ultimately held by Wu Yongming as to over 60%.

### 6. *Hangzhou Yuanjing Erjiu*

*Hangzhou Yuanjing Chuangheng*

Hangzhou Yuanjing Chuangcheng is a limited partnership established under the laws of the PRC. It is principally engaged in equity investment. Its general partner is Hangzhou Yuanjing Erjiu Equity Investment Fund Management Partnership (Limited Partnership) (杭州圓璟二久股權投資基金管理合夥企業(有限合夥)) ("**Hangzhou Yuanjing Erjiu**"). Hangzhou Yuanjing Erjiu is in turn controlled by Hangzhou Hongshan Investment Management Co., Ltd. (杭州鴻珊投資管理有限公司) (which is ultimately owned by Wu Hanyuan (吳漢源), its supervisor, as to 60%) as to over 40% and Chen Hongliang (陳洪亮) (who is a partner of a venture capital, Vision Plus Capital (元璟資本)) as to over 30%. Hangzhou Yuanjing Chuangheng is held by Hangzhou Yuanjing Erjiu as to 1.9% and 14 limited partners, none of which holds one-third or more of interest therein.

*Suzhou Yuanjing*

Suzhou Yuanjing is a limited partnership established under the laws of the PRC. It is principally engaged in equity investment. Its general partner is Hangzhou Yuanjing Erjiu. Suzhou Yuanjing is held by Hangzhou Yuanjing Erjiu as to 1.12%, and seven limited partners, none of which holds one-third or more of interest therein.

### 7. *Zhiying Huirong*

*Jiashi Shengqi*

Jiashi Shengqi is a limited partnership established under the laws of the PRC. It is principally engaged in equity investment. Its general partner is Zhiying Huirong Private Fund Management (Beijing) Co., Ltd. (智盈匯融私募基金管理(北京)有限公司) ("**Zhiying**

**Huirong**"), which is in turn held by Zhang Ru (張茹), Liang Shan (梁山) and Li Dong (李楝) as to 40%, 40% and 20%, respectively. Jiashi Shengqi is held as to 0.87% by Zhiying Huirong and as to 99.13% by three limited partners, among which, Herun Jiashi Investment 51 Xinyongka Development Fund No. 1 (和潤嘉實投資51信用卡成長基金1號) ("**51 Fund**") held 75.54% therein. 51 Fund is a venture capital fund managed by Herun Pilot Investment Management (Beijing) Co., Ltd. (和潤領航投資管理 (北京)有限公司), which is held as to 50% and 50% by Jiang Tao (姜濤) and Zhang Ru (張茹), respectively. None of partner of 51 Fund holds 30% or more of interest therein.

*Jiashi Shengde*

Jiashi Shengde is a limited partnership established under the laws of the PRC. It is principally engaged in equity investment. Its general partner is Zhiying Huirong. Jiashi Shengde is held as to 1.05% by Zhiying Huirong and two limited partners, among which, Lhasa Deyu New Energy Industrial Co., Ltd. (拉薩德宇新能實業有限公司) ("**Lhasa Deyu**") holds 79.89% interest therein. Lhasa Deyu is wholly owned by Zhengzhou Yutong Group Corporation Ltd. (鄭州宇通集團有限公司), which is in turn controlled by Zhengzhou Tongtai Zhihe Enterprise Management Center (Limited Partnership) (鄭州通泰志合企業管理中心(有限合夥)) ("**Zhengzhou Tongtai Zhihe**") as to over 80%. Zhengzhou Tongtai Zhihe is held as to 0.01% by its general partner, Zhengzhou Tongtai Hezhi Management Consulting Co., Ltd. (鄭州通泰合智管理諮詢有限公司), and 36 limited partners, being Independent Third Parties none of which holds 30% or more of interest therein. Zhengzhou Tongtai Hezhi Management Consulting Co., Ltd. is held by Tang Yuxiang (湯玉祥) as to 52% and other six Independent Third Parties, none of which holds 30% or more of interest therein.

*Jiashi Shengxuan*

Jiashi Shengxuan is a limited partnership established under the laws of the PRC. It is principally engaged in equity investment. Its general partner is Zhiying Huirong. Jiashi Shengxuan is held by Zhiying Huirong as to 0.27% and five limited partners as to 99.73%, none of which holds one-third or more of interest therein.

### *8. Puhua*

*Puhua Fengqi*

Puhua Fengqi is a limited partnership established under the laws of the PRC. It is principally engaged in equity investment. It is held by its general partner, Zhejiang Puhua Tianqin Equity Investment Management Co., Ltd. (浙江普華天勤股權投資管理有限公司) ("**Puhua**") as to 1% and its limited partners, Tongxiang Puhua Fengqi Venture Capital Partnership (Limited Partnership) (桐鄉普華鳳棲創業投資合夥企業(有限合夥)) ("**Tongxiang Puhua**") and Yunxiang Wuzhen (Tongxiang) Equity Investment Co., Ltd. (雲享烏鎮(桐鄉)股權投資有限公司) ("**Yunxiang Wuzhen**"), each as to 49.5%. Puhua is ultimately controlled by Shen Qinhua (沈琴華) as to 72%, and each of Tongxiang Puhua and Yunxiang Wuzhen is state-owned entities controlled by the Tongxiang Finance Bureau (桐鄉市財政局).

*Binjiang Puhua*

Binjiang Puhua is a limited partnership established under the laws of the PRC. It is principally engaged in equity investment. It is held by its general partner, Hangzhou Binjiang Puhua Equity Investment Management Co., Ltd. (杭州濱江普華股權投資管理有限公司) (which is in turn held by Puhua as to 70%) as to 0.05% and its limited partners, Hangzhou Binjiang Real Estate Group Co., Ltd. (杭州濱江房產集團股份有限公司) ("**Binjiang Real Estate Group**") as to 99.45% and Wu Xiaofeng (吳曉豐) as to 0.5%. Binjiang Real Estate Group is a company listed on the Shenzhen Stock Exchange (stock code: 002244) and is principally engaged in real estate development in the PRC.

*Puhua Tianqin*

Puhua Tianqin is a limited partnership established under the laws of the PRC. It is principally engaged in equity investment. It is held by its general partner, Puhua as to 1% and its limited partners Ningbo Meishan Bonded Port Area Puhua Tianji Venture Capital Partnership (Limited Partnership) (寧波梅山保稅港區普華天躋創業投資合夥企業(有限合夥)), Jinhua Puhua Junji Investment Partnership (Limited Partnership) (金華普華君躋投資合夥企業(有限合夥)), Zhejiang Jinhua Transformation and Upgrading Industry Fund Co., Ltd. (浙江金華轉型升級產業基金有限公司) as to 42%, 37% and 20%, respectively. Ningbo Meishan Bonded Port Area Puhua Tianji Venture Capital Partnership (Limited Partnership) is held as to 1.5% by its general partner, Puhua, as to 35.7% by its limited partner Zhejiang Pandao Investment Management Co., Ltd. (浙江磐道投資管理有限公司) and other nine limited partners who are Independent Third Parties, none of which holds 30% or more of interest therein. Zhejiang Pandao Investment Management Co., Ltd. is held by Zhejiang Huacheng Holding Group Limited Company (浙江華成控股集團有限公司) and Zhejiang Huacheng Real Estate Development Co., Ltd. (浙江華成置業發展有限公司) as to 60% and 40%. Zhejiang Huacheng Holding Group Limited Company is held by three Independent Third Parties, namely Shen Fengfei (沈鳳飛), Shen Bo (沈波) and another individual as to 51.0%, 36.5% and 12.5%. Zhejiang Huacheng Real Estate Development Co., Ltd. is held by Shen Bo and Zhejiang Huacheng Holding Group Limited Company as to 72.5% and 27.5%. Jinhua Puhua Junji Investment Partnership (Limited Partnership) is held as to 8.18% by its general partner, Puhua and other ten Independent Third Parties, none of which holds 30% of the interests therein. Zhejiang Jinhua Transformation and Upgrading Industry Fund Co., Ltd. is wholly owned by Jinhua Industrial Fund Co., Ltd. (金華市產業基金有限公司)), which is ultimately controlled by State-owned Assets Supervision Administration Commission of Jinhua Municipal Government (金華市人民政府國有資產監督管理委員會).

***9. Kangchengheng***

*Jiaxin Yuande*

Jiaxin Yuande is a limited partnership established in the PRC. It is principally engaged in equity investment. Its general partner is Shenzhen Jialin Xinye Equity Investment Management Co., Ltd. (深圳市嘉霖信業股權投資管理有限公司) ("**Jialin Management**"), which is in turn held by (i) Shenzhen Kangchengheng Capital Management Group Limited (深圳市康成亨資本管理集團有限公司) ("**Kangchengheng**"), an asset management platform engaged in equity investment and securities investment which is held as to 87% by Mr. Yuan Yakang (袁亞康), as to approximately 51.5%, and (ii) Shenzhen Yupengnian Property Management Co., Ltd. (深圳市余彭年物業管理有限公司) as to 48.5%, which is in turn controlled by Yupengnian Management (Shenzhen) Co., Ltd. (余彭年管理(深圳)有限公司), a conglomerate established by philanthropist, Yu Pang-lin (余彭年), as to 70%. Jiaxin Yuande is held by Jialin Management as to 2.33%, Kangchengheng as to 0.95%, and 15 other limited partners as to 96.72%, none of which holds one-third of the interests therein.

*Kangchengheng Ruixiang*

Kangchengheng Ruixiang is a limited partnership established in the PRC. It is principally engaged in equity investment. Its general partner is Kangchengheng. Kangchengheng Ruixiang is held as to 4.26% by Kangchengheng, and as to 95.74% by 14 limited partners, none of which holds one-third of the interests therein.

***10. Controlled entities of Mr. Zhang Tieshuang (張鐵雙)***

*Xinrong Capital*

Xinrong Capital is a limited partnership established in the PRC. It is principally engaged in equity investment. It is held by its general partner, Zhoushan Guangchuan Venture Capital Partnership (Limited Partnership) (舟山廣川創業投資合夥企業(有限合夥)) ("**Zhoushan Guangchuan**") as to 99% and its limited partner, Harbin Huina Juxin Investment Management Enterprise (Limited Partnership) (哈爾濱匯納聚鑫投資管理企業(有限合夥)) as to 1%. Zhoushan Guangchuan is in turn held by Zhang Tieshuang (張鐵雙) as to 95%.

*Shenzhen Wanhe*

Shenzhen Wanhe is a limited partnership established in the PRC. It is principally engaged in equity investment. It is held by its general partner, Tianjin Yuerong Qihe Enterprise Management Partnership (Limited Partnership) (天津越榕啟赫企業管理合夥企業(有限合夥)) ("**Tianjin Yuerong**") as to 95% and its limited partner, Dong Jun (董軍) as to 5%. Tianjin Yuerong is in turn held by its general partner, Zhang Tieshuang (張鐵雙) as to 10% and its limited partner, Zhao Ming (趙明) as to 90%.

***11. Controlled entities of Mr. Ding Mingfeng (丁明峰)***

*Hechuang Intelligent*

Hechuang Intelligent is a limited partnership established under the laws of the PRC. It is principally engaged in equity investment. Its general partner is Shenzhen Hechuang Capital Management Co., Ltd. (深圳市合創資本管理有限公司) ("**Hechuang Management**"), which is in turn held by Ding Mingfeng (丁明峰) as to over 70%. Hechuang Management focuses on the investment in information, communication and technology as well as and healthcare sectors. Hechuang Intelligent is held by Hechuang Management as to 1.78% and 16 limited partners, none of which holds one-third of the interest therein. Ding Mingfeng (丁明峰) is the chairman of Hechuang Management.

*Qingdao Xinda*

Qingdao Xinda is a limited partnership established under the laws of the PRC. It is principally engaged in equity investment. It is held by its general partner, Ding Mingfeng (丁明峰) as to 1%, and three limited partners, namely Qian Qiang (錢強), Tang Zujia (唐祖佳) and Yu Juan (禹涓) who are managing partners of Hechuang Management, each as to 33%.

***12. OFC***

*SME Development*

SME Development is a limited partnership established in the PRC. It is principally engaged in equity investment. Its general partner is Shenzhen OFC SME Development Fund Equity Investment Management Co., Ltd. (深圳市富海中小企業發展基金股權投資管理有限公司) ("**OFC SME Management**"), which is controlled by Shenzhen Oriental Fortune Capital Co., Ltd. (深圳市東方富海投資管理股份有限公司) ("**OFC**"). OFC is held by a total of 17 shareholders, including (i) Mr. Chen Wei (陳瑋), the chairman of OFC, and his controlled entities, namely Wuhu Fuhai Jiutai Investment Consulting Partnership (Limited Partnership) (蕪湖市富海久泰投資諮詢合夥企業(有限合夥)) and Wuhu Fuhai Juli Investment Consulting Partnership Enterprise (Limited Partnership) (蕪湖市富海聚利投資諮詢合夥企業(有限合夥)) as to over 50%, (ii) Guangdong Baolihua New Energy Co., Ltd. (廣東寶麗華新能源股份有限公司), an independent investor and the second largest shareholder of OFC as to 29.59%, and (iii) 13 other independent investors or shareholders of OFC, each holding no more than 10% of the interests in OFC. OFC focuses on the investment in technology, media and telecom, green technology, new material and advanced manufacturing technology and healthcare sectors. SME Development is held as to 1% by OFC SME Management and 11 limited partners, none of which holds one-third or more of the interest therein.

*Dongfang Fuhai*

Dongfang Fuhai is a limited partnership established in the PRC. It is principally engaged in equity investment. Its general partner is Shenzhen Dongfang Fuhai Venture Capital Management Co., Ltd. (深圳市東方富海創業投資管理有限公司) ("**Dongfang Fuhai Venture Capital**"), which is in turn wholly owned by OFC. Dongfang Fuhai is held as to (i) 1% by Dongfang Fuhai Venture Capital, (ii) 5% by OFC, (iii) 35% by Shenzhen Yindao Fund Investment Co., Ltd. (深圳市引導基金投資有限公司) ("**Shenzhen Yindao Fund**") and (iv) 59% by 8 other limited partners, none of which holds one-third of the interests therein. Shenzhen Yindao Fund is in turn wholly owned by Shenzhen Municipal Finance Bureau (深圳市財政局).

*Fuhai Youxuan*

Fuhai Youxuan is a limited partnership established in the PRC. It is principally engaged in equity investment. Its general partner is Dongfang Fuhai Venture Capital. Fuhai Youxuan is held as to (i) 2.51% by Dongfang Fuhai Venture Capital, (ii) 5.01% by OFC and (iii) 92.48% by 43 other limited partners, none of which holds one-third or more of the interest therein.

***13. Xinzhifeng***

Xinzhifeng is a limited partnership established under the laws of the PRC. It is principally engaged in equity investment. Its general partner is Yuanjing (Wuhan) Investment Management Co., Ltd. (轅憬(武漢)投資管理有限公司) ("**Yuanjing Wuhan**"), which is in turn wholly owned by Dongfeng Asset Management, which is in turn wholly owned by the SASAC. Xinzhifeng is held as to 0.03% by Yuanjing Wuhan and as to 99.97% by its limited partner, Dongfeng Asset.

***14. Hubei Cathay Cartech***

Hubei Cathay Cartech is a limited partnership established under the laws of the PRC, which is managed by its general partner, Cathay (Quanzhou) Private Equity Fund Management Co., Ltd. (凱輝(泉州)私募基金管理有限公司), formerly known as Hubei Cathay Equity Investment Management Co., Ltd. (湖北凱輝股權投資管理有限公司), an investment platform of Cathay Capital (凱輝基金). Hubei Cathay Cartech is principally engaged in equity investment and focuses on innovative companies in the automotive and automotive related smart mobility sector with a strong potential growth upside and critical technology control points in China.

***15. Shenzhen Shanchuang***

Shenzhen Shanchuang is a limited partnership established under the laws of the PRC. It is principally engaged in equity investment. Its general partner is Shenzhen Shanchuang Equity Investment Management Co., Ltd. (深圳杉創股權投資管理有限公司) ("**Shenzhen Shanchuang Management**"), which is in turn held by Shanghai Shanshan Chuanghui Venture Capital Management Co., Ltd. (上海杉杉創暉創業投資管理有限公司) ("**Shanghai Shanshan**") as to 70%. Shanghai Shanshan is held by (i) Ningbo Shanshan Venture Capital Co., Ltd. (寧波杉杉創業投資有限公司), a limited liability company ultimately wholly owned by Ningbo Shanshan Co., Ltd. (寧波杉杉股份有限公司), a company listed on the Shanghai Stock Exchange (Stock Code: 600884), as to 40%; (ii) Shanghai Wenbo Asset Management Co., Ltd. (上海聞帛資產管理有限公司), a limited liability company held as to 52.27% by Mr. Li Baosheng (李寶生), as to 40%; and (iii) Ningbo Meishan Bonded Port Area Ruixing Trading Co., Ltd. (寧波梅山保稅港區銳星貿易有限公司), a limited liability company held as to 99% by Mr. Huang Xiangle (黃翔樂), as to 20%. Shenzhen Shanchuang is held as to 1% by Shenzhen Shanchuang Management, and 99% by four limited partners, among which Shenzhen Yindao Fund holds 35% of the interest therein.

### *16. Moqin Intelligent*

Moqin Intelligent is a company established under the laws of the PRC with limited liability. It is principally engaged in equity investment. It is wholly owned by Huaqin Technology Co., Ltd. (華勤技術股份有限公司), a company listed on the Shanghai Stock Exchange (stock code: 603296) which specializes in smart hardware products.

### *17. Shanghai Ganche*

Shanghai Ganche is a limited partnership established under the laws of the PRC. It is principally engaged in equity investment. It is held by its general partner, Shanghai Huimin Business Consulting Center (上海惠泯商務諮詢中心) ("**Shanghai Huimin**") (which is in turn wholly owned by Deng Jinyu (鄧瑾瑜)) as to 1%, and its limited partner, Shanghai Yujiang Information Technology Center (上海渝江信息科技中心) ("**Shanghai Yujiang**") (which is in turn wholly owned by Mr. Zheng Xianneng (鄭先能)) as to 99%.

### Joint Sponsors' Confirmation

On the basis that (i) the Pre-IPO Investments were irrevocably settled more than 28 clear days before the date of first filing of the listing application, and (ii) the redemption rights and divestment rights granted to the Pre-IPO Investors have been terminated upon the first filing of listing application by the Company submitted with the Stock Exchange and all other special rights granted to the Pre-IPO Investors will be terminated upon Listing on (and inclusive of) the Listing Date, the Joint Sponsors have confirmed that the Pre-IPO Investments are in compliance with Chapter 4.2 of the Guide for New Listing Applicants.

### PRC Legal Advisor's Confirmation

As advised by our PRC Legal Advisor, our Company has made all necessary registrations or filings with the relevant local branch of SAMR in respect of the Pre-IPO Investments in all material respects, and the Pre-IPO Investments were conducted in compliance with the applicable PRC laws and regulations in all material respects.

## EMPLOYEE OWNERSHIP PLATFORMS

In recognition of the contribution of our senior management and key personnel and to incentivize them to promote the development of our business, the ESOP Holding Entities, namely Youjia Qingcheng, Youjia Zhongcheng and Youjia Licheng, were established as limited partnerships under the laws of the PRC as our employee ownership platforms. As of the Latest Practicable Date, each of the ESOP Holding Entities had one general partner, namely Dr. Liu Guoqing, who shall have decision-making power and management control over each of the ESOP Holding Entities.

As of the Latest Practicable Date, the ESOP Holding Entities collectively held approximately 5.86% of the total issued share capital of our Company. Immediately following the completion of the Global Offering (assuming the Over-allotment Option is not exercised), the ESOP Holding Entities will be interested in approximately 5.29% of the total issued share capital of our Company. The ESOP Holding Entities form part of the Single Largest Group of Shareholders. See "Relationship with the Single Largest Group of Shareholders" for further details.

The Employee Incentive Scheme is not subject to the provisions of Chapter 17 of the Listing Rules as it does not involve any grant of share options or awards or any issuance of new Shares by our Company after Listing. For further details of our employees' ownership platforms and the Employee Incentive Scheme see "Appendix VI—Statutory and General Information—D. Employee Incentive Scheme."

## CONCERT PARTY GROUP

To formalize the cooperation among the members of the Concert Party Group in achieving the shared goals and objectives of our Company, Dr. Liu Guoqing, Mr. Yang Guang, Mr. Zhou Xiang, Mr. Wang Qicheng, Mr. Yan Shengye and Mr. Wu Jianxin entered into the Concert Party Agreement in June 2019, as amended and replaced by the Amended Concert Party Agreement entered into among them in May 2024. The Amended Concert Party Agreement served to reaffirm their concert party arrangement, to confirm and formalize the effective date and termination date of the concert party arrangement, and to clarify that only the Shares beneficially owned by the members of the Concert Party Group are subject to the concert party arrangement, and it does not affect the ownership continuity of our Company as required under Rule 8.05(3)(c) of the Listing Rules. Pursuant to the Amended Concert Party Agreement, each of Dr. Liu Guoqing, Mr. Yang Guang, Mr. Zhou Xiang, Mr. Wang Qicheng, Mr. Yan Shengye and Mr. Wu Jianxin agreed to be parties acting in concert in (i) aligning their votes in the board meetings of our Company, and (ii) aligning their votes in the Shareholders' meeting of our Company in respect of the Shares in our Company beneficially owned by each of them from time to time, since they became and remained as Directors or Shareholders of our Company, and that members of the Concert Party Group will follow Dr. Liu Guoqing's vote to arrive at a unanimous consent in case of any disagreement. Such concert party arrangement (i) in respect of Dr. Liu Guoqing, Mr. Yang Guang, Mr. Zhou Xiang and Mr. Wang Qicheng, shall be effective until 36 months after the Listing, and (ii) in respect of Mr. Yan Shengye and Mr. Wu Jianxin, shall be effective until 12 months after the Listing.

As of the Latest Practicable Date, the Concert Party Group is collectively interested in approximately 24.35% of the total issued share capital of our Company. Immediately following the completion of the Global Offering (assuming the Over-allotment Option is not exercised), the Concert Party Group will be interested in approximately 21.96% of the total issued share capital of our Company. The Concert Party Group forms part of our Single Largest Group of Shareholders. See "Relationship with the Single Largest Group of Shareholders" for further details.

## PREVIOUS PLAN FOR A-SHARE LISTING

On August 3, 2023 we entered into a pre-listing tutoring engagement agreement with a tutoring agency in relation to our previous preliminary plan to list on the A-share market (the "**A-Share Listing Plan**"). As part of the preparation for the A-Share Listing Plan, we filed a notice of pre-listing tutoring for A-share listing application with the CSRC on August 9, 2023. We terminated the pre-listing tutoring engagement agreement with the tutoring agency on May 23, 2024. The tutoring acceptance inspection procedure in relation to the A-Share Listing Plan has not been initiated and no formal listing application in relation to the A-Share Listing Plan has been filed, and therefore, no major comments and issues were received from or raised by the relevant regulatory authorities in the PRC in relation to the A-Share Listing Plan.

Due to the overall market environment and having regard to our future strategies to grasp opportunities in the international market, we subsequently considered that a listing on the Stock Exchange would be more favorable to our development. Therefore, we decided to suspend the A-Share Listing Plan and proceed with the Listing.

To the best of our Directors' knowledge, information and belief, our Directors are not aware of any material matter in relation to the A-Share Listing Plan which may materially and adversely affect the Company's suitability for Listing and needs to be brought to the attention of the Stock Exchange or the Shareholders.

Based on the due diligence work conducted by the Joint Sponsors, nothing has come to the Joint Sponsors' attention that would reasonably cause the Joint Sponsors to disagree with the Directors' view on whether any material matter in relation to the A-Share Listing Plan needs to be brought to the attention of the Stock Exchange or the Shareholders.

## PUBLIC FLOAT

54,393,441 H Shares converted from Unlisted Shares and controlled by the Concert Party Group and the ESOP Holding Entities, all being our core connected persons or otherwise fall under the situations as contemplated under Rule 8.24 of the Listing Rules (representing approximately 15.11% of our total issued Shares as of the Latest Practicable Date, approximately 13.63% of our total issued Shares upon Listing (assuming the Over-allotment Option is not exercised), or approximately 13.43% of our total issued Shares (upon exercise of the Over-allotment Option in full)), will not be considered as part of the public float of our Company in accordance with Rule 8.08 of the Listing Rules.

In addition, 14,427,295 H Shares converted from Unlisted Shares and controlled by Kangchengheng, which will be our core connected person upon Listing (representing approximately 4.01% of our total issued Shares as of the Latest Practicable Date, approximately 3.61% of our total issued Shares upon Listing (assuming the Over-allotment Option is not exercised), or approximately 3.56% of our total issued Shares (upon exercise of the Over-allotment Option in full)) will not be considered as part of the public float of our Company in accordance with Rule 8.08 of the Listing Rules.

In addition, 89,576,892 Unlisted Shares that will not be converted into H Shares (representing approximately 24.88% of our total issued Shares as of the Latest Practicable Date, approximately 22.44% of our total issued Shares upon Listing (assuming the Over-allotment Option is not exercised), or approximately 22.11% of our total issued Shares (upon exercise of the Over-allotment Option in full)) will not be considered as part of the public float of our Company, as the Unlisted Shares will not be converted into H Shares and will not be listed following the completion of the Global Offering.

To the best knowledge and information of our Directors, taking into account the Conversion of Unlisted Shares into H Shares upon Listing and the Global Offering, 209,699,572 H Shares (representing approximately 52.53% of our total issued Shares upon Listing (assuming the Over-allotment Option is not exercised)), or 215,577,972 H Shares (representing approximately 53.22% of our total issued Shares (upon exercise of the Over-allotment Option in full) both calculated based on the low-end of the indicative Offer Price range) will be counted towards the public float of our Company in accordance with Rule 8.08 of the Listing Rules. For further details of the Conversion of Unlisted Shares into H Shares, see "Share Capital" in this prospectus.

## CAPITALIZATION OF OUR COMPANY

The following table sets out our shareholding structure (a) as at the date of this prospectus and (b) immediately upon the completion of the Global Offering and the Conversion of Unlisted Shares, assuming the Over-allotment Option is not exercised.

| | | Number of Shares upon completion of the Global Offering[1] | | | |
|---|---|---|---|---|---|
| Shareholders | Number of Shares held by the Shareholder as at the date of this prospectus | H Shares[7] | Unlisted Shares | Aggregate ownership percentage as at the date of this prospectus | Aggregate ownership percentage upon completion of the Global Offering[1] |
| ***Concert Party Group*** | | | | | |
| Dr. Liu Guoqing . . . . . . . . | 34,283,503 | 17,141,752 | 17,141,751 | 9.52% | 8.59% |
| Mr. Yang Guang . . . . . . . . | 14,928,508 | 7,464,254 | 7,464,254 | 4.15% | 3.74% |
| Mr. Zhou Xiang . . . . . . . . | 14,928,508 | 7,464,254 | 7,464,254 | 4.15% | 3.74% |
| Mr. Wang Qicheng . . . . . . | 13,348,191 | 6,674,096 | 6,674,095 | 3.71% | 3.34% |
| Mr. Yan Shengye . . . . . . . | 5,993,470 | 2,996,735 | 2,996,735 | 1.66% | 1.50% |
| Mr. Wu Jianxin . . . . . . . . | 4,195,615 | 2,097,808 | 2,097,807 | 1.17% | 1.05% |
| ***ESOP Holding Entities*** | | | | | |
| Youjia Qingcheng[2] . . . . . . | 12,386,181 | 6,193,091 | 6,193,090 | 3.44% | 3.10% |
| Youjia Zhongcheng[2] . . . . . | 5,815,267 | 2,907,634 | 2,907,633 | 1.62% | 1.46% |
| Youjia Licheng[2] . . . . . . . | 2,907,634 | 1,453,817 | 1,453,817 | 0.81% | 0.73% |
| ***Major Pre-IPO Investors[3]*** | | | | | |

| Shareholders | Number of Shares held by the Shareholder as at the date of this prospectus | Number of Shares upon completion of the Global Offering(1) | | Aggregate ownership percentage as at the date of this prospectus | Aggregate ownership percentage upon completion of the Global Offering(1) |
|---|---|---|---|---|---|
| | | H Shares(7) | Unlisted Shares | | |
| Beijing Siwei | 32,611,320 | 32,611,320 | N/A | 9.06% | 8.17% |
| Shenzhen Zeyi | 21,421,719 | 21,421,719 | N/A | 5.95% | 5.37% |
| Guokai Zhizao | 20,548,643 | N/A | 20,548,643 | 5.71% | 5.15% |
| CICC Capital | | | | | |
| Liantong CICC | 8,183,861 | 8,183,861 | N/A | 2.27% | 2.05% |
| CICC Alpha | 7,209,625 | 7,209,625 | N/A | 2.00% | 1.81% |
| CICC Changde | 4,623,446 | 4,623,446 | N/A | 1.28% | 1.16% |
| Mr. Wu Yongming and his controlled entity | | | | | |
| Mr. Wu Yongming | 8,316,675 | 8,316,675 | N/A | 2.31% | 2.08% |
| Hangzhou Yuanjing Lechi | 673,092 | 673,092 | N/A | 0.19% | 0.17% |
| Hangzhou Yuanjing Erjiu | | | | | |
| Suzhou Yuanjing | 4,408,171 | 4,408,171 | N/A | 1.22% | 1.10% |
| Hangzhou Yuanjing Chuangheng | 4,408,171 | 4,408,171 | N/A | 1.22% | 1.10% |
| Zhiying Huirong | | | | | |
| Jiashi Shengqi | 5,956,891 | 5,956,891 | N/A | 1.65% | 1.49% |
| Jiashi Shengde | 5,628,665 | 5,628,665 | N/A | 1.56% | 1.41% |
| Jiashi Shengxuan | 5,415,346 | 5,415,346 | N/A | 1.50% | 1.36% |
| Puhua | | | | | |
| Puhua Fengqi | 6,730,883 | 6,730,883 | N/A | 1.87% | 1.69% |
| Binjiang Puhua | 4,640,749 | 4,640,749 | N/A | 1.29% | 1.16% |
| Puhua Tianqin | 4,640,749 | 4,640,749 | N/A | 1.29% | 1.16% |
| Kangchengheng | | | | | |
| Jiaxin Yuande | 10,307,511 | 10,307,511 | N/A | 2.86% | 2.58% |
| Kangchengheng Ruixiang | 4,119,784 | 4,119,784 | N/A | 1.14% | 1.03% |
| Controlled entities of Mr. Zhang Tieshuang | | | | | |
| Xinrong Capital | 6,970,342 | 5,181,496 | 1,788,846 | 1.94% | 1.75% |
| Shenzhen Wanhe | 3,769,609 | 188,480 | 3,581,129 | 1.05% | 0.94% |
| Controlled entities of Mr. Ding Mingfeng | | | | | |
| Hechuang Intelligent | 7,701,739 | 7,701,739 | N/A | 2.14% | 1.93% |
| Qingdao Xinda | 131,864 | 131,864 | N/A | 0.04% | 0.03% |

| Shareholders | Number of Shares held by the Shareholder as at the date of this prospectus | Number of Shares upon completion of the Global Offering[(1)] | | Aggregate ownership percentage as at the date of this prospectus | Aggregate ownership percentage upon completion of the Global Offering[(1)] |
|---|---|---|---|---|---|
| | | H Shares[(7)] | Unlisted Shares | | |
| OFC | | | | | |
| SME Development | 6,179,681 | 6,179,681 | N/A | 1.72% | 1.55% |
| Dongfang Fuhai | 1,541,149 | 1,541,149 | N/A | 0.43% | 0.39% |
| Fuhai Youxuan | 1,541,149 | 1,541,149 | N/A | 0.43% | 0.39% |
| Xinzhifeng | 7,209,625 | 7,209,625 | N/A | 2.00% | 1.81% |
| Hubei Cathay Cartech | 6,727,996 | 6,727,996 | N/A | 1.87% | 1.69% |
| Shenzhen Shanchuang | 6,349,372 | 6,349,372 | N/A | 1.76% | 1.59% |
| Moqin Intelligent | 4,232,967 | 4,232,967 | N/A | 1.18% | 1.06% |
| Shanghai Ganche | 4,176,618 | N/A | 4,176,618 | 1.16% | 1.05% |
| ***Other Pre-IPO Investors[(4)]*** | | | | | |
| Jinning Qianglian | 3,551,922 | 3,551,922 | N/A | 0.99% | 0.89% |
| Zhejiang Huihong | 3,093,770 | 3,093,770 | N/A | 0.86% | 0.78% |
| Shanghai Hongjin | 2,793,724 | 2,793,724 | N/A | 0.78% | 0.70% |
| Chantou Fund | 2,692,349 | 2,692,349 | N/A | 0.75% | 0.67% |
| Chongqing Shenghehui | 2,054,859 | 2,054,859 | N/A | 0.57% | 0.51% |
| Huazhi Xingrui | 2,019,267 | 1,009,633 | 1,009,634 | 0.56% | 0.51% |
| Boyuan Hongcheng | 2,019,267 | 2,019,267 | N/A | 0.56% | 0.51% |
| Suikai Intelligent | 1,884,646 | 1,884,646 | N/A | 0.52% | 0.47% |
| Fulin Investment | 1,546,978 | 1,546,978 | N/A | 0.43% | 0.39% |
| Chongqing Kexing | 1,541,149 | 1,541,149 | N/A | 0.43% | 0.39% |
| Suikai Intelligent No. 2 | 1,480,795 | 1,480,795 | N/A | 0.41% | 0.37% |
| Chaogaoqing Fund | 1,346,175 | 1,346,175 | N/A | 0.37% | 0.34% |
| Xinjing Fuying | 1,346,175 | 1,346,175 | N/A | 0.37% | 0.34% |
| Shenhong Huichuang | 962,950 | 962,950 | N/A | 0.27% | 0.24% |
| Shenwan Changhong | 962,950 | 962,950 | N/A | 0.27% | 0.24% |
| Kexi Zhongke | 807,703 | 807,703 | N/A | 0.22% | 0.20% |
| Kechuangzhihui No. 2 | 336,541 | 336,541 | N/A | 0.09% | 0.08% |
| Jipei Xinsheng | 216,290 | 216,290 | N/A | 0.06% | 0.05% |
| Hehe Suikai | 99,615 | 99,615 | N/A | 0.03% | 0.02% |
| ***Other Shareholder*** | | | | | |
| Nanchang Municipal Public Group Co., Ltd. ("**Nanchang Municipal**") (南昌市政公用集團有限公司)[(5)] | 4,078,586 | N/A | 4,078,586 | 1.13% | 1.02% |
| ***Offer Shares*** | | | | | |
| Offer Shares Shareholders[(6)] | – | 39,190,000 | N/A | – | 9.82% |
| **Total** | **360,000,000** | **309,613,108** | **89,576,892** | **100%** | **100.00%** |

*Notes:*

(1) Assuming the Over-allotment Option is not exercised.

(2) Youjia Qingcheng, Youjia Zhongcheng and Youjia Licheng are ESOP Holding Entities, holding Shares in our Company as our employee ownership platforms. Each of the ESOP Holding Entities is held by Dr. Liu Guoqing as the general partner. Each of Youjia Qingcheng, Youjia Zhongcheng and Youjia Licheng is held by 41, 34 and 39 limited partners, respectively, being the employees of our Group as of the Latest Practicable Date. For details, see "Appendix VI—Statutory and General Information—D. Employee Incentive Scheme."

(3) See "—Pre-IPO Investments—Information about our Major Pre-IPO Investors." for the detailed background information of each of the major Pre-IPO Investors.

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

(5) The Company has received an enforcement notice dated November 4, 2024 (the "**Enforcement Notice**") issued by the People's Court of Donghu District, Nanchang, Jiangxi Province (the "**People's Court of Donghu**"). According to the Enforcement Notice, an enforcement order was issued by the People's Court of Donghu on September 6, 2024 (the "**Court Order**"), pursuant to which the ownership of 4,078,586 Shares in the Company (the "Relevant Shares") held by Mr. Li Fan ("Mr. Li") was ordered to be transferred to Nanchang Municipal (the "**Transfer**") to fulfill Mr. Li's repayment obligations to Nanchang Municipal as confirmed by a civil mediation document issued by the People's Court of Donghu ("**Repayment Obligations**"). The Repayment Obligations were personal matters of Mr. Li, and were negotiated between Mr. Li and Nanchang Municipal without any involvement of the Company. As advised by the PRC Legal Advisor, (i) the Transfer is necessitated as a result of the Court Order and the related legal proceeding involving Mr. Li; (ii) each of the Enforcement Notice and the Court Order is made pursuant to applicable laws and regulations of the PRC; and (iii) the Company is legally obliged to cooperate to complete the Transfer in compliance with the Enforcement Notice and the Court Order. It should be noted that the consideration for Mr. Li's subscription of 437,973 Shares (adjusted as 4,078,586 Shares upon the completion of the capitalization of the capital reserve of the Company on December 1, 2023), being RMB22,000,000 (the "**Li Fan Investment Amount**"), was irrevocably settled back in October 2020, and Mr. Li has been a shareholder of the Company since then. As advised by the PRC Legal Advisor, the Li Fan Investment Amount could be freely utilised by the Company for its principal business without being impacted by the Enforcement Notice, the Court Order or the Transfer or being subject to any other condition. Therefore, the Enforcement Notice, the Court Order and the Transfer do not affect the irrevocable settlement and completion of Mr. Li's subscription of the Relevant Shares.

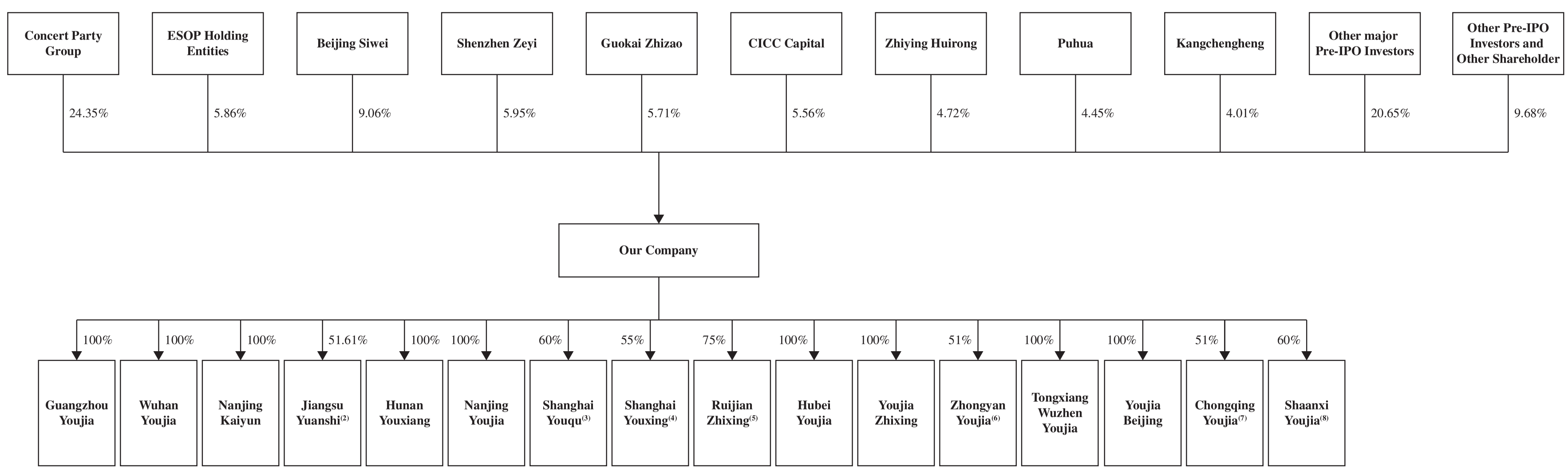
(6) "Offer Shares Shareholders" refer to the Shareholders who subscribe for the Offer Shares pursuant to the Global Offering, among which 31,092,800 H Shares to be subscribed by KCH International Investment Limited (calculated based on the low-end of the indicative Offer Price range) will not be counted towards the public float of the Company as KCH International Investment Limited is controlled by Kangchengheng, which will be one of our substantial shareholder holding 45,520,095 H Shares upon Listing (calculated based on the low-end of the indicative Offer Price range), representing 11.40% of total issued Shares upon Listing (assuming the Over-allotment Option is not exercised). See "Cornerstone Investors" in this prospectus for details of the subscription by KCH International Investment Limited and see "History, Development and Corporate Structure — Pre-IPO Investments — Information about our Major Pre-IPO Investors — 9. Kangchengheng" in this prospectus for details of Kangchengheng.

(7) The number of H Shares upon Listing represent (i) in respect of the existing Shareholders, the number of H Shares as converted from Unlisted Shares under the Conversion from Unlisted Shares into H Shares, and (ii) in respect of the public Shareholders, the number of H Shares to be issued pursuant to the Global Offering.

## CORPORATE STRUCTURE

The following charts illustrate our shareholding and corporate structure (1) immediately prior to completion of the Global Offering and (2) immediately after the completion of the Global Offering (assuming that the Over-allotment Option has not been exercised).

### Immediately prior to the completion of the Global Offering[9]



(1) The Concert Party Group and ESOP Holding Entities form the Single Largest Group of Shareholders of our Company. See "Relationship with Our Single Largest Group of Shareholders" for details. Also see "—Pre-IPO Investments—Information about our Major Pre-IPO Investors" above for the detailed background information of each of the major Pre-IPO Investors and "—Capitalization of our Company" for the background information of the other Pre-IPO Investors.

(2) The remaining 48.39% equity interest of Jiangsu Yuanshi is held by China Design Group Co., Ltd. (華設設計集團股份有限公司), which is a company listed on the Shanghai Stock Exchange (stock code: 603018) and an Independent Third Party other than being the substantial shareholder of Jiangsu Yuanshi, which is an insignificant subsidiary (as defined under Rule 14A.09 of the Listing Rules) of our Company.

(3) The remaining 40% equity interest of Shanghai Youqu is held by Shanghai Tianqu Technology Co., Ltd. (上海添覷科技有限公司), which is in turn held by Lin Haiya (林海亞) as to 60%, and an Independent Third Party other than being the substantial shareholder of Shanghai Youqu, which is an insignificant subsidiary (as defined under Rule 14A.09 of the Listing Rules) of our Company.

(4) The remaining 45% equity interest of Shanghai Youxing is held by Wu Jiwei (吳繼偉), who is an Independent Third Party other than being the substantial shareholder of Shanghai Youxing, which is an insignificant subsidiary (as defined under Rule 14A.09 of the Listing Rules) of our Company.

(5) The remaining 25% equity interest of Ruijian Zhixing is held by Hangzhou Xianghui Youxin Equity Investment Partnership (Limited Partnership) (杭州祥暉佑芯股權投資合夥企業(有限合夥)), which is in turn held by Hangzhou Qiantang New Area Construction Investment Group Co., Ltd. (杭州錢塘新區建設投資集團有限公司), a state-owned enterprise, as to over 40%, and an Independent Third Party other than being the substantial shareholder of Ruijian Zhixing, which is an insignificant subsidiary (as defined under Rule 14A.09 of the Listing Rules) of our Company.

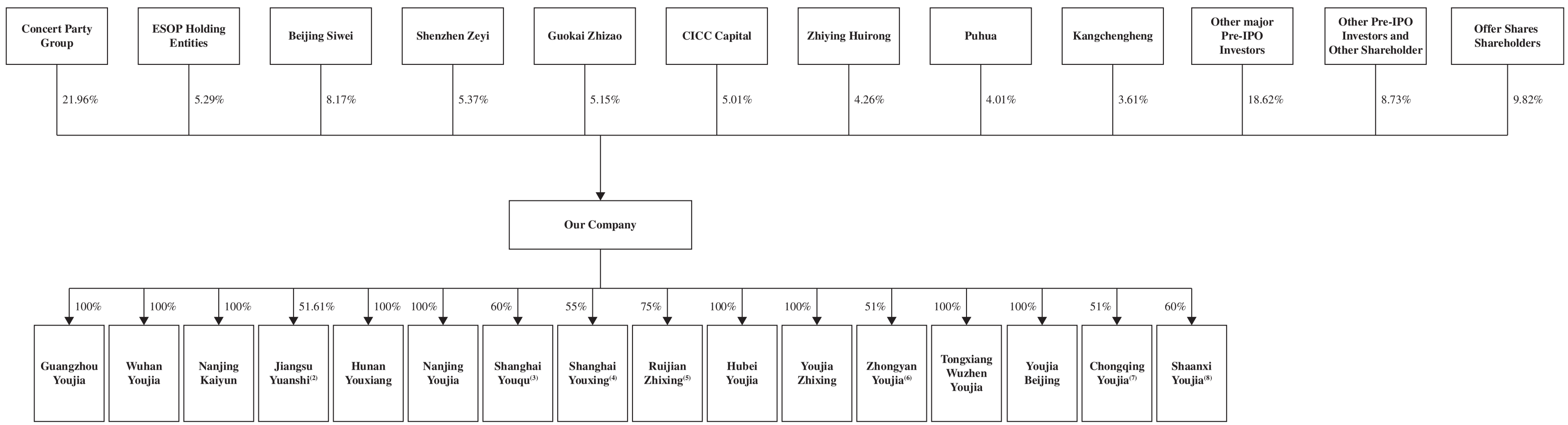
(6) The remaining 49% equity interest of Zhongyan Youjia is held by Zhongyan Zhike Data Technology (Shanghai) Co., Ltd. (中研智科數據科技(上海)有限公司) ("**Zhongyan Zhike**") (which is ultimately controlled by Wu Jinshan (吳金山)) as to 23%, Keruisichuang Intelligent Technology (Shanghai) Co., Ltd. (科鋭思創智能科技(上海)有限公司) (which is a subsidiary of Zhongyan Zhike) as to 16%, and Shanghai Yutian Enterprise Management Partnership (Limited Partnership) (上海馭天企業管理合夥企業(有限合夥)) (which is ultimately controlled by Wu Jinshan (吳金山)) as to 10%, who are Independent Third Parties other than being the shareholders of Zhongyan Youjia, which is an insignificant subsidiary (as defined under Rule 14A.09 of the Listing Rules) of our Company.

(7) The remaining 49% equity interest of Chongqing Youjia is held by Chongqing Hetai Runda Technology Co., Ltd. (重慶禾泰潤達科技有限公司), which is in turn held by each of 淩霽 (Ling Ji) and 黃薛嬪 (Huang Xuepin) as to 50% and an Independent Third Party other than being the substantial shareholder of Chongqing Youjia, which is an insignificant subsidiary (as defined under Rule 14A.09 of the Listing Rules) of our Company.

(8) The remaining 40% of Shaanxi Youjia is held by Xi'an Desheng Xinghan Intelligent Technology Co., Ltd. (西安德晟星瀚智能科技有限公司) (which is in turn wholly owned by Han Xiao (韓嘯)) as to 30% and Dechuang Future Automotive Technology Co., Ltd. (德創未來汽車科技有限公司) (which is ultimately controlled by Shaanxi Automobile Group Co., Ltd. (陝西汽車集團股份有限公司), a state-owned enterprise) as to 10%, which are Independent Third Parties other than being the substantial shareholder of Shaanxi Youjia, which is an insignificant subsidiary (as defined under Rule 14A.09 of the Listing Rules) of our Company.

(9) The chart shows the subsidiaries directly held by our Company.

**Immediately after the completion of the Global Offering (assuming that the Over-allotment Option is not exercised)(9)**




*Note:*

Notes (1) to (9): See the corresponding notes for the chart under "Immediately prior to the completion of the Global Offering" above.

## OVERVIEW

### Who We Are

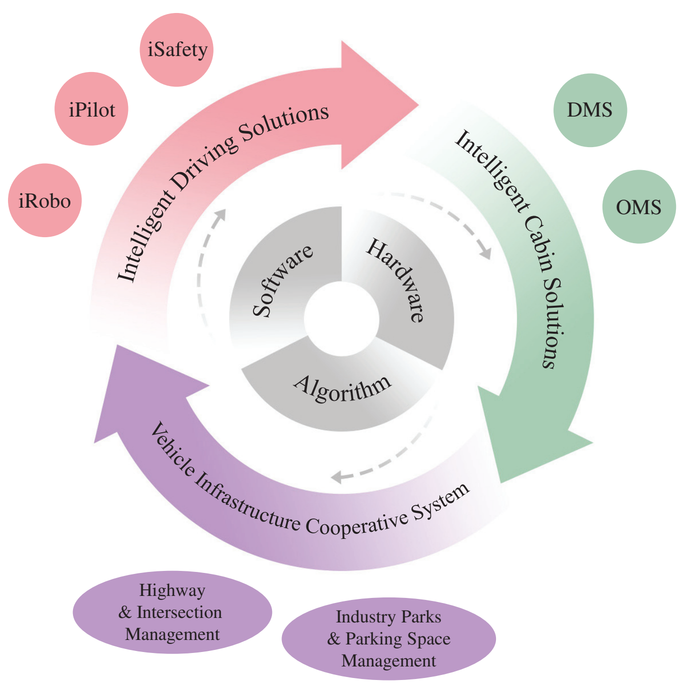
We are an intelligent driving and cabin solutions provider in China, offering solutions for critical aspects of the driving experience, including piloting, parking and in-cabin functions. With our advanced R&D and commercialization capabilities, we empower intelligent vehicles, enhancing safety and driving experiences while promoting vehicle automation. We are devoted to becoming a leader in the automotive intelligence solutions industry adhering to an incremental approach of intelligent driving development, which means that we gradually develop our intelligent driving solutions of increasing degrees of automation. We provide Level 0 to Level 2+ intelligent driving solutions that are in-house developed and proven by mass production, and we have also been proactively developing more advanced autonomous driving technologies. As of the Latest Practicable Date, we had accumulatively undertaken mass production for 35 automotive original equipment manufacturers (OEMs). We have deployed in the sectors of individual vehicle intelligence and vehicle infrastructure cooperative system, and we aim to create a more comprehensive solutions portfolio that meets diverse customer needs, contributing to the establishment of an automotive intelligence ecosystem. Our in-house platform-based technologies, software-hardware-integrated R&D capabilities and advanced mass production capabilities provide our solutions with significant technical advantages and cost-effective features.

Our solutions comprise intelligent driving solutions, intelligent cabin solutions and vehicle infrastructure cooperative systems. We have achieved remarkable accomplishments in each of our business lines:

- *Intelligent driving solutions*. Our intelligent driving solutions primarily include the iSafety and iPilot series. In 2021, 2022 and 2023 and the six months ended June 30, 2024, we had design wins under development for our intelligent driving solutions for 18, 19, 20 and 25 vehicle models with 12, 13, 14 and 16 OEMs, respectively, and had undertaken mass production for 22, 50, 56 and 67 vehicle models with 10, 17, 20 and 22 OEMs, respectively. According to CIC, in 2023, we ranked seventh among all domestic intelligent driving solutions providers and ranked fourth among all emerging technology companies in China, with a market share of 0.6%, in terms of revenue of Level 0 to Level 2+ solutions. As a testament to our capabilities, we were the only supplier of intelligent driving solutions from Mainland China to be awarded the "Supplier Innovation Award 2023" by ZF Group, a Germany-headquartered global technology company supplying advanced mobility products. Furthermore, we are developing and testing autonomous driving functions at more advanced levels of automation, and expect to deliver our iRobo solutions in the first quarter of 2025.

- *Intelligent cabin solutions*. In 2021, 2022 and 2023 and the six months ended June 30, 2024, we had design wins under development for our intelligent cabin solutions for 4, 17, 31 and 16 vehicle models with 3, 9, 9 and 8 OEMs, respectively, and had undertaken mass production for nil, 3, 10 and 30 vehicle models with nil, 2, 7 and 9 OEMs, respectively. According to CIC, we are among the first batch of suppliers of driver monitoring system (DMS) solutions in China that successfully supported OEMs in obtaining driver drowsiness and attention warning (DDAW) certifications for their vehicle models under the EU General Safety Regulation (GSR).

- *Vehicle infrastructure cooperative systems*. We have been proactively developing vehicle infrastructure cooperative systems, expecting to advance intelligent transportation infrastructure and smart cities. With the intelligent collaborations among the on-board devices of individual vehicle intelligence and the roadside devices of vehicle infrastructure cooperative system, we have been promoting vehicle-to-infrastructure connectivity, and we are committed to achieving further commercialization in this sector. During the Track Record Period and up to the Latest Practicable Date, we had participated in 21 typical vehicle infrastructure cooperative system projects in China.




We have strategically laid out and advanced our three principal business lines based on our three core strengths in algorithm development, software engineering and hardware design. This strategy aligns with the market demand and technology development in the automotive intelligence solutions industry.

Intelligent driving solutions are the core and foundation of our business. The market's recognition and application of intelligent driving technologies is a step-by-step process, and we have accordingly adopted an incremental strategy. Starting from basic advanced driver assistance system (ADAS) functions, we have been continually refining and enhancing our solutions. Our intelligent driving solutions portfolio is tailored to meet the requirements of various driving scenarios and diverse vehicle models of OEMs. The technological capabilities, accumulated experience, expansive customer base and esteemed reputation we have cultivated since our inception provide a robust foundation for our future growth.

Intelligent cabin solutions significantly elevate the safety and comfort of journeys for both drivers and passengers, creating synergies with intelligent driving solutions. As automotive intelligence advances to higher levels, the importance of the interaction among various driving and cabin solutions becomes more prominent. Intelligent cabin solutions not only bolster safety by monitoring driver behavior and status and timely intervening during intelligent driving, but also provide interactive and intelligent in-cabin functions, offering differentiated driver and passenger experiences. With our strengths in both sectors, we are well positioned to deliver advanced solutions in line with the trend of "crossover and integration" as advocated by mainstream OEMs.

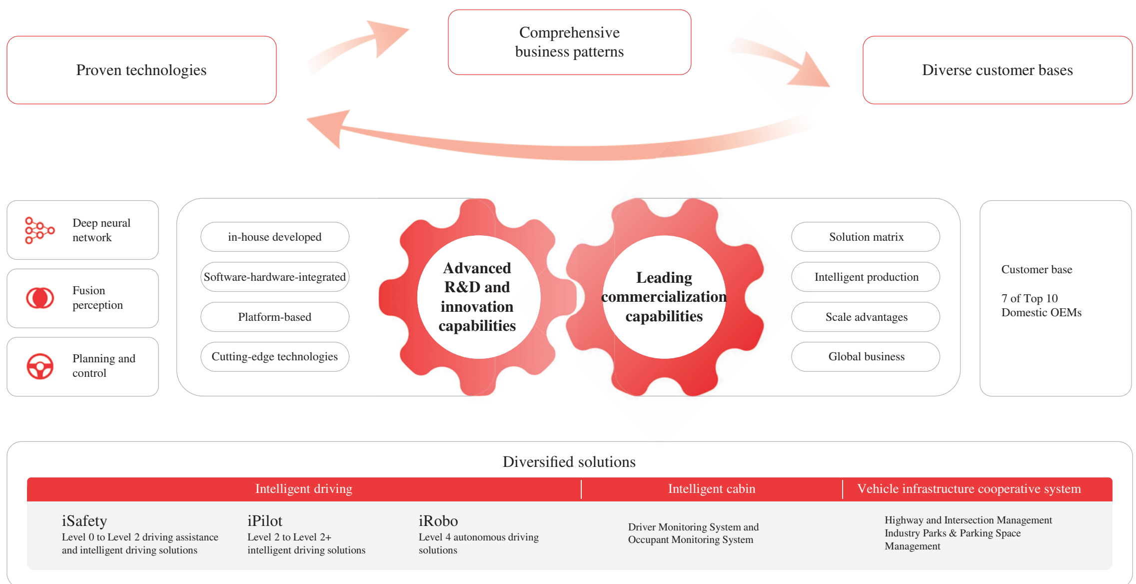
The vehicle infrastructure cooperative systems stand as pivotal elements in realizing overall automotive intelligence. In response to the development of intelligent transportation infrastructure and smart cities, in addition to focusing on individual vehicle intelligence, we have also entered broader application scenarios and new markets by offering solutions in relation to vehicle infrastructure cooperative systems. By fostering vehicle-to-infrastructure connectivity and information interaction, our solutions empower vehicles with extended perception capabilities, acting as a driving force for the widespread adoption of intelligent driving technologies.

During the Track Record Period, our solutions were deployed in a growing number of vehicle models. As of December 31, 2021, 2022 and 2023 and June 30, 2024, we had design wins under development for 20, 36, 51 and 41 vehicle models with 14, 20, 21 and 22 OEMs, respectively, and had undertaken mass production for 22, 53, 64 and 94 vehicle models with 9, 19, 26 and 29 OEMs, respectively. Our revenue increased from RMB175.2 million in 2021 to RMB279.4 million in 2022 and further increased to RMB476.2 million in 2023, representing a CAGR of 64.9% from 2021 to 2023. Our revenue increased by 44.5% from RMB163.8 million for the six months ended June 30, 2023 to RMB236.7 million for the same period in 2024.

Our experienced and visionary management has built a comprehensive team covering R&D, procurement, production and marketing and sales, consistently creating value for our shareholders and customers. As a pioneer of incremental intelligent driving development in China, we are committed to shaping an automotive intelligence ecosystem through technological innovations to improve road safety and enhance driving experiences.

## Our Solutions

The following diagram illustrates how our capabilities and solutions interact in shaping our automotive intelligence ecosystem:




Based on our incremental approach of intelligent driving development, we focus on providing software-hardware-integrated Level 0 to Level 2+ intelligent driving solutions. Our iSafety solutions enable safe and comfortable driving experiences in complex traffic scenarios such as sharp bends, S-shaped curves and intersections while performing autonomous emergency braking (AEB), traffic jam assist (TJA), integrated cruise assist (ICA), adaptive cruise control (ACC), lane keeping assist (LKA), forward collision warning (FCW), lane departure warning (LDW) and other ADAS functions, thereby reducing the risk of traffic accidents. Our iSafety solutions are designed to be highly adaptable to mainstream system-on-chip (SoC) platforms and are able to realize intelligent driving functions based on electronic control units (ECUs) with low computing power consumption, which make our solutions more cost-effective and competitive. As such, our iSafety solutions are able to meet diverse customer needs for intelligent vehicles. We have been developing our iPilot solutions featuring advanced functions since 2021. Our iPilot solutions are able to deliver advanced intelligent driving functions including navigate on autopilot (NOA), home automated valet parking (HAVP) and automatic parking assist (APA), spanning various scenarios including driving on highways and urban routes, as well as parking. Our iPilot solutions integrate sophisticated intelligent driving and parking solutions to enhance safety and driving experiences. Furthermore, we are developing and testing more advanced autonomous driving solutions, and expect to deliver our iRobo solutions in the first quarter of 2025.

Our intelligent cabin solutions are designed to enhance the in-cabin experience for both drivers and passengers and have been tailored to meet the diverse needs of OEMs and tier-one suppliers. We have developed advanced intelligent cabin perception and interaction solutions, which are centered around in-cabin monitoring systems such as the DMS and the occupant monitoring system (OMS), featuring advanced functions. Our intelligent cabin solutions offer users enhanced automotive experiences and encompass driving safety monitoring, interactive and intelligent functions and entertainment functions. Successfully applied to various vehicle models, our intelligent cabin solutions have achieved mass production domestically and entered the international market through cooperations with leading OEMs.

In China, we are at the forefront of deploying vehicle infrastructure cooperative systems, working closely with customers in the transportation infrastructure sector. Our vehicle infrastructure cooperative systems are designed to exchange traffic information among vehicles, the transportation infrastructure and the public management platform. Our vehicle infrastructure cooperative systems integrate perception devices, such as radars and cameras, our in-house developed algorithm structures and "vehicle-to-everything (V2X)" communication technologies, thereby enhancing the traffic safety and efficiency. We also assist customers to manage traffic flows in industry parks and operate parking lots and roadside parking space, enabling precise management of these premises. By developing vehicle infrastructure cooperative systems, we expect to generate synergy with automotive intelligence and contribute to the development of intelligent transportation infrastructure and smart cities.

## OUR STRENGTHS

### Pioneer of Incremental Intelligent Driving Development in China Well-Positioned for Extensive Growth Opportunities

We pioneer in adopting an incremental development approach to deliver a diverse range of in-house developed intelligent driving solutions validated through mass production and market acceptance. We adopted this incremental development approach at our inception, when many competitors focused on development strategies starting with high-level automation. We were among the first batch of intelligent driving companies to develop Level 0 to Level 2+ solutions and to adopt an incremental development approach to gradually develop our intelligent driving solutions, positioning us as a pioneer of incremental intelligent driving development to enjoy the benefits of comprehensive solution portfolio, deeply accumulated expertise and lasting customer relationships.

The continuous technological progress and increasing customer demand for safer and more enjoyable driving experiences are driving automotive intelligence as key differentiators for OEMs to improve their vehicle models. As such, the industry is developing following an incremental pattern.

- According to CIC, the sales volume of automobiles in China reached 30.5 million units in 2023, accounting for 32.9% of the global total, and is anticipated to reach 35.0 million units in 2028. The stable growth of automobile sales and the rising penetration of intelligent solutions are expected to drive continuous developments in the Chinese automotive intelligence solutions industry. The market size of this industry in terms of revenue, encompassing intelligent driving solutions and intelligent cabin solutions, reached RMB175.0 billion in 2023, and is expected to reach RMB431.2 billion in 2028 with a CAGR of 16.8% from 2024 to 2028.

- Currently, Level 0 to Level 2 intelligent solutions are the mainstream intelligent driving solutions worldwide. As OEMs expand their layout in the field of intelligent driving, the global intelligent driving solutions market has witnessed significant growth. China is experiencing high-speed growth in the adoption of intelligent driving solutions, establishing itself as an essential market. The intelligent driving solutions market size in China increased from RMB17.5 billion in 2019 to RMB68.1 billion in 2023 at a CAGR of 40.5% from 2019 to 2023, accounting for 25.4% of the global market size in 2023. The market size for Chinese intelligent driving solutions in terms of revenue is projected to increase to RMB164.2 billion by 2028, representing a CAGR of 14.8% from 2024 to 2028. According to CIC, the global penetration rate of vehicles equipped with Level 2 (including Level 2+ automation) intelligent driving solutions was 32.1% in 2023, and is expected to reach 61.1% by 2028, with a market size of RMB491.4 billion.

- As technology and the level of intelligent driving advance, intelligent cabin solutions incorporate innovative technologies to enhance safety and cater to personalized needs. In addition, driven by the accelerating deployment of automotive intelligence by OEMs and supportive policies and regulations, consumer demand for intelligent in-cabin functions has increased. According to CIC, the market size for Chinese intelligent cabin solutions, in terms of revenue, has increased from RMB32.9 billion in 2019 to RMB106.9 billion in 2023 and is expected to reach RMB267.0 billion in 2028, with a CAGR of 18.2% from 2024 to 2028.

- According to CIC, the global market size for automotive intelligence solutions in terms of revenue, encompassing intelligent driving solutions and intelligent cabin solutions, reached RMB589.9 billion in 2023, and is projected to increase to RMB1,330.3 billion in 2028 with a CAGR of 15.5% from 2024 to 2028; the global market size for intelligent driving solutions in terms of revenue increased from RMB107.1 billion in 2019 to RMB268.7 billion in 2023 with a CAGR of 25.9% from 2019 to 2023, and is projected to increase to RMB560.9 billion in 2028 with a CAGR of 13.7% from 2024 to 2028; and the market size for global intelligent cabin solutions, in terms of revenue, has increased rapidly from RMB130.2 billion in 2019 to RMB321.3 billion in 2023 and is expected to reach RMB769.4 billion in 2028, at a CAGR of 17.0% from 2024 to 2028.

- Vehicle infrastructure cooperative systems elevate automotive intelligence and contribute to the development of intelligent transportation infrastructure and smart cities, aiming to augment road safety and traffic efficiency. According to CIC, the market size for Chinese vehicle infrastructure cooperative systems reached RMB70.9 billion in 2023 and is expected to reach RMB168.5 billion in 2028 at a CAGR of 15.3% from 2024 to 2028.

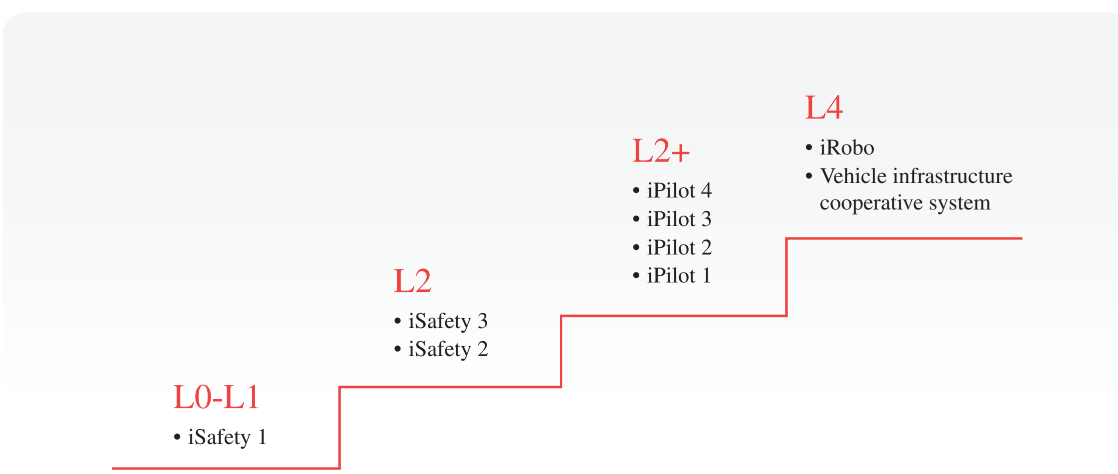
Our incremental development approach allows us to offer a comprehensive solution portfolio spanning from Level 0 to Level 2+ automation, with Level 4 solutions in development. This range enables us to meet the diverse needs of OEMs, who typically offer multiple configurations at different price points within a single vehicle model as well as across various vehicle models at different price ranges. We believe that our strategic positioning is well-aligned with prevailing market trends and lays a solid foundation for us to capture extensive market opportunities.

Leveraging our industry understanding and adherence to the incremental development strategy, we have been leading the industry based on our advanced technologies. Our solutions equipped with Level 0 to Level 2+ intelligent functions have achieved solid sales volumes. We also remain competitive with our Level 2+ intelligent solutions. Through the continuous innovation of our perception technologies, we have achieved precise environment perception and analysis. Our iPilot solutions have adopted the BEV technology and have gradually adopted end-to-end technology. As neural network technology evolves, we are exploring advanced visual intelligent driving solutions and fostering adaptability and innovation with minimum reliance on high-definition maps. By capitalizing on our in-house platform-based technologies and software-hardware-integrated R&D capabilities, we can strengthen our competitive position and establish a robust foundation for future solutions. Our technology is characterized by its efficiency and practicality, which have been proven through large-scale commercial deployment.

Our incremental development strategy enhances our efficiency in product iteration and new functionality development. For example, automotive intelligence relies on the precision of the underlying neural network models. Producing such neural network models demands massive data input, which further involves significant human resources and computational resources. For details of our self-developed neural network tools HardNet and ThiNet, see "—Our Technologies—In-house Developed Core Algorithms—Neural Network Acceleration and Deployment Tools." Attributable to our incremental development strategy, we have built the neural network models in a highly adaptable way. They can be applied to next-generation intelligent driving solutions and deployed in various vehicle models. Throughout our product development process, we have developed various hardware and software toolchains, which are sets of development tools used simultaneously to complete complex development tasks, thereby markedly improving our development efficiency.

Our incremental development approach provides us with a differentiated competitive advantage, enabling us to swiftly meet customer demands and efficiently achieve solutions scalability and mass production. By demonstrating our capabilities across various automation levels, we have been able to forge long-term relationships with our customers. As of June 30, 2024, we had maintained business relationships with our five largest customers in each year or period of the Track Record Period for one to four years. OEMs sometimes use higher-level projects to validate a supplier's technical capabilities, and our proven track record across the automation spectrum increases our chances of securing both lower and higher-level projects from the same customer. Our achievement in securing design wins across automation levels with individual OEMs demonstrates the effectiveness of our approach. For instance, in 2021, we secured a design win for a Level 2+ solution for an OEM's premium coupes, which entered production in 2023. Subsequently, in 2023, we received additional design wins from the same OEM for both Level 2 and Level 2+ solutions for their mid-size SUV model, with the Level 2 solutions entering production in 2024. In another case, we secured design wins for four vehicle models across an OEM's product lines, beginning with a Level 2+ solution for their compact crossover in 2022, followed by both Level 2 and Level 2+ solutions for their mid-size SUV and compact SUV models in 2023, and most recently, Level 2 and Level 2+ solutions for their new SUV model in 2024. These examples illustrate how our incremental development approach enables us to expand our relationships with OEMs across their product lines and automation levels, reinforcing our competitive position in the market.

Our incremental development approach is reflected in our commercialized solutions portfolio and expected solutions ranging from Level 0 to Level 4 automation as illustrated in the diagram below:

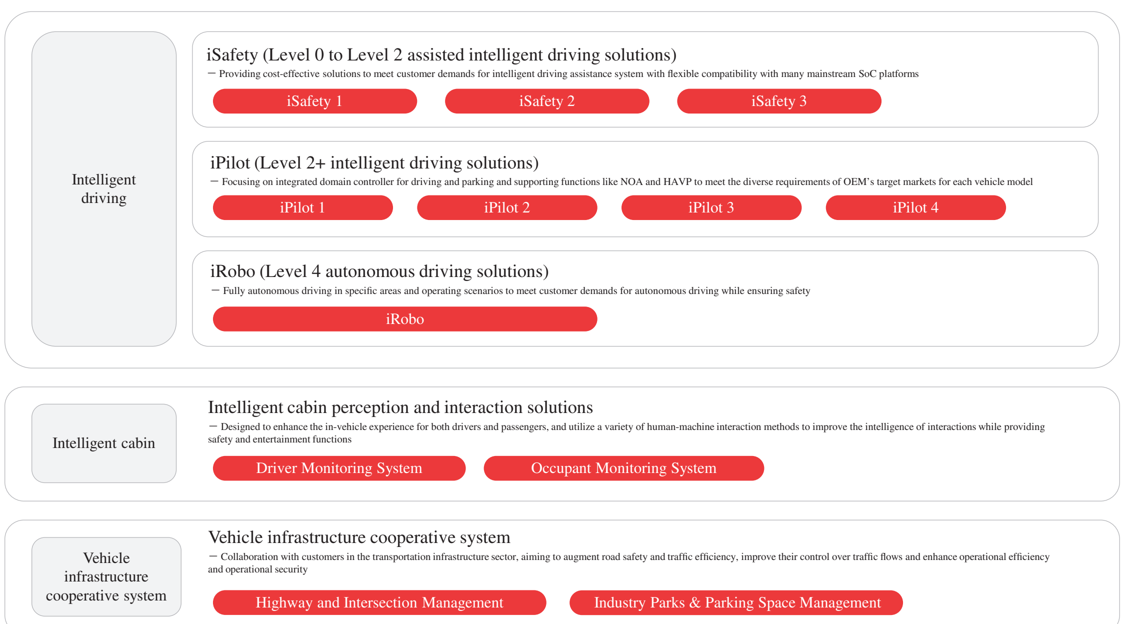



We have been continuously empowering automotive intelligence and proactively strategizing in advanced technologies for ADS, intelligent cabins and vehicle infrastructure cooperative systems. With our expertise and strengths in algorithm development, software engineering and hardware design, we are able to provide customized solutions to meet diverse customer demands and we expect to maintain our competitive advantages and leading positions in ADS technologies and solutions. Our iRobo solutions, which have undergone extensive real-vehicle road testing, enable fully autonomous driving in specific areas and operating scenarios, capable of navigating complex traffic conditions, such as narrow roads and congested intersections, and performing emergency maneuvers to avoid obstacles or vehicles. We expect to deliver our iRobo solutions in the first quarter of 2025.

**Comprehensive Solutions Portfolio Addressing Customer Needs with Proven Commercialization Capabilities**

Our comprehensive intelligent driving and cabin solutions enhance vehicle intelligence, safety and in-vehicle experiences across various driving scenarios. These solutions cater to the diverse needs and expectations of both drivers and passengers for ADAS and ADS functions and in-cabin functions. In addition, we offer vehicle infrastructure cooperative systems to customers in the transportation infrastructure sector, aiming to augment road safety and traffic efficiency. Upholding the mission of improving automotive intelligence and road safety, we adhere to the incremental development strategy and form various business lines with synergistic effects.

The diagram below illustrates our current solutions portfolio:




The breadth of our automotive intelligence solution lines sets us apart as an emerging intelligent driving company from many industry peers who often specialize in fewer domains. According to CIC, many of our industry peers only focus on intelligent driving solutions. We have developed the capability to concurrently provide multiple solutions to OEM customers, including our iSafety, iPilot and intelligent cabin solutions. This approach allows us to efficiently address a wide range of customer needs, potentially streamlining OEMs' implementation of automotive intelligence features across multiple domains.

The synergies between our different business lines enhance our commercialization capabilities. Our cross-domain expertise is evidenced by our relationships with several leading OEMs across various market segments. For instance, we offer intelligent driving solutions (including iSafety and iPilot solutions) and intelligent cabin solutions across multiple vehicle models for a leading Chinese electric vehicle manufacturer. For one specific model, we simultaneously supply iSafety, iPilot and intelligent cabin solutions, showcasing the breadth of our solutions and the customer's trust in our capabilities. Our ability to meet diverse needs extends to other major OEMs as well. We supply both intelligent driving and cabin solutions for multiple vehicle models to several prominent Chinese automobile manufacturers. See "—Our Business—Intelligent Driving Solutions" and "—Our Business—Intelligent Cabin Solutions." As one of our new business line, our intelligent cabin solutions also enable us to penetrate large OEMs. Once integrated into the supply chain, these solutions may drive the sales of our intelligent driving solutions.

Our commercialization achievement is driven by our customer-centric approach, efficient R&D approach, mass production capabilities, after-sales capability and industry recognition.

Our intelligent driving solutions, ranging from Level 0 to Level 4 automation, include iSafety (Level 0 to Level 2 automation), iPilot (Level 2+ automation) and iRobo (Level 4 automation). These solutions integrate multi-sensor perception systems and in-house algorithms to enable cost-effective and highly compatible functions across various driving or parking scenarios. Our intelligent cabin solutions enhance in-vehicle experiences for drivers and passengers, tailored to the needs of OEMs and tier-one suppliers. Additionally, our vehicle infrastructure cooperative systems integrate perception devices with V2X communication technology and our in-house developed algorithm structures to improve road safety and traffic efficiency. By developing these synergistic solutions, we aim to comprehensively contribute to the establishment of an automotive intelligence ecosystem. Our strong mass production and after-sales capabilities enable us to form stable cooperative relationships with our customers and deliver pure software solutions in respond to customers' requirements. As of the Latest Practicable Date, our iPilot solutions integrating intelligent driving and parking functions, other than iPilot 4, which is expected to launch in 2025, have achieved commercialization. We maintain strict quality control throughout the entire solution lifecycle, ensuring solutions consistency and minimizing defects.

We have garnered significant industry and customer recognition, as evidenced by the numerous accolades we have received. These include being awarded the "Supplier Innovation Award 2023" by ZF Group, recognized as one of the 100 Technology Pioneers of 2021 by World Economic Forum, and awarded as the National-level Specialized, Special and New Enterprise (國家級專精特新小巨人企業) by MIIT in 2023. Additionally, we have been acknowledged as a High-quality DMS and OMS Supplier by Gasgoo Automotive. Our "MINIEYE In-Cabin Sensing Solution" also won the Edge AI and Vision Alliance Best Automotive Solution Award in 2021.

**Full-Stack In-House R&D Capabilities Driving Swift and Efficient Commercialization of our R&D Achievements**

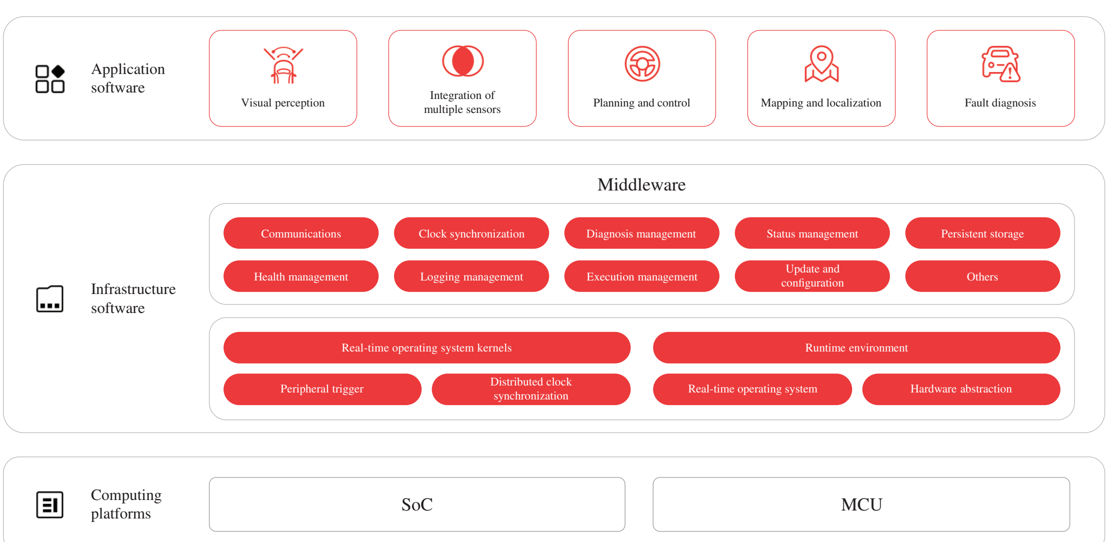
Our full-stack in-house development capabilities serve as the foundation for comprehensive technological advancements and iterations, enhancing the autonomy of our solutions and enabling us to extend into different business lines. Our full-stack R&D capabilities encompass the four main intelligent driving modules, namely, perception, fusion, mapping and localization and planning and control. See "—Our Technologies—In-house Developed Core Algorithms" for details. A key aspect of our full-stack in-house R&D capabilities is our in-house developed perception algorithms, which allow us greater control and flexibility in our solution development process. According to CIC, providers with full-stack in-house R&D capabilities tend to utilize chips without pre-embedded algorithms, allowing for the implementation of their proprietary algorithms. This approach potentially offers greater flexibility in algorithm development and optimization. In 2023, among the top five emerging technology companies that mainly focus on offering driving solutions and integrated driving-parking solutions in our industry, we have a high utilization of chips without embedded algorithms, standing at a proportion of 99.98%, while others are below 70%, according to CIC. This approach provides us with control over our solutions and allows us to adapt to a range of chip models, enhancing our flexibility in solution development and supply chain management. Moreover, our in-house developed visual perception technology plays a crucial role in the research and iteration of higher-level autonomous driving solutions, potentially positioning us favorably for future advancements in the field. For example, our perception technology can recognize dozens of vehicle models and nearly 300 types of traffic signs, as well as various uncommon targets such as barriers, garbage bins or construction barriers. Our bird-eye view (BEV) technology is not only able to detect obstacles around the vehicle with a 360-degree view, but is also capable of recognizing the structure of the roads, enabling us to achieve HD-mapless perception-driven NOA. Our perception technology can also detect targets located more than 200 meters away and perform precise ranging with a relative error of less than 5%. Our gaze tracking technology can determine the driver's observation direction with an error of less than three degrees. Our capabilities extend to more advanced end-to-end algorithms that integrate perception and planning. This advancement has already been implemented in some of our solutions, as evidenced by our recent design wins with a leading domestic OEM. Our in-house R&D capabilities enable us to swiftly commercialize our R&D achievements and form a more flexible solutions delivery model. Specifically, we are able to rapidly respond to customer needs and collaborate with upstream and downstream partners to provide customized solutions. In contrast, companies without full-stack in-house R&D capabilities often need to incorporate algorithms from external suppliers, particularly for perception, planning and control algorithms related to parking and driving. The reliance on external sources may increase the complexity of development management and potentially impact project timelines. Furthermore, the use of externally sourced algorithms typically involves licensing fees and may incur additional development costs to integrate these algorithms into the overall system. Such factors could potentially affect the overall cost-effectiveness of the solutions. We believe our full-stack in-house R&D capabilities are the key factor that sets us apart in the automotive intelligence solutions industry and the cornerstone for the commercialization of our future R&D achievements.

We have achieved comprehensive coverage of the intelligent driving algorithm stack. We independently develop and refine driving algorithm modules, including perception, fusion, mapping and localization, planning and control. For example, in terms of perception, we have implemented full-stack technologies from object detection and segmentation to temporal tracking. In terms of fusion, our in-house developed fusion algorithm can support cross-platform and multi-sensor configurations and has supported a number of vehicle models to obtain five-star ratings from the China New Car Assessment Program (C-NCAP). Our planning and control algorithms demonstrate high compatibility and adaptability. We actively iterate and innovate through cooperations across the industry, enhancing the adaptability and stability of algorithms in complex environments through data input. We also consistently monitor the production to identify and solve any quality issues in a timely manner, thereby improving overall algorithm performance.

Based on our full-stack in-house R&D capabilities, we can quickly adapt and transfer across different hardware platforms, enabling flexible supplier selection and therefore supporting a stable supply chain. As our sales volume increases, we expect our strong supply chain management to further enhance our bargaining power. In addition, our full-stack in-house R&D capabilities enable us to quickly respond to market changes, strengthen customer cooperation, establish competitive advantages, and enhance our industry reputation. Through continual iterations, we offer short development cycles, high efficiency and rapid responsiveness to downstream needs with cost-effectiveness and competitiveness, obtaining recognition from customers.

**Platform-Based and Software-Hardware-Integrated R&D Capabilities Enabling Algorithmic Optimization Advantages and Solutions Cost-Effectiveness**

Our platform-based and software-hardware-integrated R&D capabilities provide our solutions with significant technical advantages and cost-effectiveness. Our in-house developed algorithm structures allow quick platform transition and improve adaptation efficiency. This allows us to offer integrated "algorithm + software + hardware" solutions to our customers. The diagram below illustrates the structure and components of our solutions:



The adaptation to distinct SoC platforms with cost-effectiveness requires coordination across hardware design, software development and algorithm synergy. Our platform-based R&D capabilities are particularly advantageous, as we achieve platform compatibility by using our in-house developed middleware to decouple upper-level application software from lower-level computing platforms.

Our in-house developed middleware is a set of software frameworks that reside between upper-level application software and lower-level computing platforms. It serves as a platform for managing, allocating and scheduling software and hardware resources. As such, our platform-based R&D approach allows for compatibility with mainstream SoC platforms and enhances the adaptability of intelligent driving solutions to different vehicle models based on our integrated "algorithm + software + hardware" solutions. Depending on varying customer and project demands, our platform-based approach can reduce R&D resources, tailoring our solutions to new vehicle models rather than starting from scratch. Our R&D efficiency is demonstrated by our ability to support a wide range of vehicle models with a relatively lean team. As of June 30, 2024, our R&D team of 304 members had supported the development of 94 vehicle models that achieved mass production. According to CIC, this development efficiency significantly exceeds that of comparable competitors in the industry.

Our software-hardware-integrated R&D capabilities allow us to develop software based on pre-evaluated hardware. Our embedded in-house developed algorithms are linked with sensors, controllers and other hardware, which can effectively improve the compatibility of each component and maximize the performance of the hardware, improving the stability and overall performance of our solutions.

Our software-hardware-integrated R&D capabilities and in-house developed algorithms feature cost-effectiveness, enabling us to optimize the allocation of computing power across the entire technology chain. Through in-house development, we have achieved efficient computing power allocation, enabling the implementation of optimal algorithms in real-life scenarios and effectively utilizing the capabilities of high performance chips. Notably, we are able to provide driving-parking-integrated DCLC and APA with only eight TOPS, featuring industry-leading technologies. In contrast, driving and parking functions in most comparable products by industry peers are controlled by two chips with an aggregate computing power of over ten TOPS.

**Solid Mass Production Capabilities Underpinning Solutions Competitiveness**

We have strong intelligent mass production capabilities and have established long-term and strategic partnerships with numerous well-known OEMs and tier-one suppliers. Our Bao'an Production Base has a gross floor area of approximately 2,500 square meters and covered the production processes of three-proof coating, assembly and packaging, and its design annual production capacity is approximately 377,400 units. In order to meet the increasing production needs based on the additional starts of production (SOPs) we have obtained, and to further enhance our control over the entire production process, we have established our Guangzhou Production Base. We commenced production at our Guangzhou

Production Base in the third quarter of 2024. Our Guangzhou Production Base has a total gross floor area of approximately 3,400 square meters, which allows us to expand our in-house production to the production processes of surface mount technology (SMT), dual in-line package (DIP) insertion and depaneling.

Our in-house production capabilities allow us to effectively streamline production processes, enhance quality and productivity and decrease logistics costs. For example, the manufacturing cost of the SMT procedure decreases by approximately 20% per each processing unit when completed in-house compared with outsourcing to contract manufacturers. Also, by completing the packaging procedure in-house, we can save logistics and inspection costs, and expedite the whole procedure compared with delivering the products through contract manufacturers.

Our mass production capabilities have earned us market recognition. Top OEMs and tier-one suppliers highly value suppliers' capacity in response to their demands. Our strong mass production capabilities enable us to promptly respond to urgent and customized needs, gaining customer recognition and helping us establish partnerships with OEMs and tier-one suppliers.

Our commitment to building a highly interconnected smart production base is driven by our focus on production line automation, manufacturing intelligence and operational digitalization.

- Our production lines feature a high degree of automation. We have introduced automated assembly lines and intelligent packaging lines. We significantly reduce labor and improve efficiency through technologies such as intelligent material racks and automated transportation.

- We have implemented advanced manufacturing intelligence systems to ensure optimal production performance. Our smart production base monitors production in real time through the manufacturing execution system (MES), managing orders to ensure control and traceability over our manufacturing processes. We also use MES to monitor equipment and identify abnormalities, comprehensively improving production intelligence.

- The digitalization of our operations has been a key focus in enhancing our manufacturing capabilities. We have utilized visual dashboards to monitor key production data including material inflow and outflow, consumption, yield, equipment status and efficiency in real time, facilitating production control and resource allocation and enhancing intelligent production.

The combination of cost-effectiveness and quality control is a hallmark of our intelligent mass production capabilities. We firmly believe that our intelligent production and mass production capabilities bring us competitive advantages. Our extensive mass production experience provides support for our R&D efforts. Our accumulated experience brings us deeper understanding from R&D to commercialization, helping us to continuously explore advanced technologies or solutions, analyze commercialization feasibility and effectively promote R&D transformation.

Optimized supply chain management is another key advantage stemming from our advanced intelligent and mass production capabilities. Our effective supply chain management helps us better manage the entire planning, procurement, production and sales process, achieving lower costs, higher efficiency, more stable delivery and higher satisfaction. Our mass production capabilities also brings us significant after-sales advantages and facilitates the timely supplies and replacements of solutions and spare parts, ensuring that our customers are able to receive high-quality after-sales services in a timely manner.

**Top-Tier Customer Base and Proven Track Record with a Solid Foundation for Overseas Expansion**

Through our incremental development strategy, we have accumulated a rich global customer base and solid track record. We have gradually developed from an upstream supplier to a supplier directly providing software-hardware-integrated solutions to OEMs as we have been collaborating with leading OEMs to develop high-quality solutions that meet their needs. Domestically, our in-house developed algorithms have formed the basis for our mass production for 35 OEMs as of the Latest Practicable Date. A notable example is our successful design win obtained from a software company of a well-known global OEM, which has established a strong foundation for our entry into leading international OEM ecosystems. We have also formed partnership with a leading global supplier of advanced vehicle products and systems, collaborating to serve the markets in Europe. In 2023, we were the only supplier of intelligent driving solutions from Mainland China to be awarded the "Supplier Innovation Award 2023" by ZF Group.

Over time, we have gradually amassed a diverse customer base, from intelligent driving sector to intelligent cabin sector, which strengthens our comprehensive mass production capabilities and successfully secures our place on the supplier lists of leading OEM. According to CIC, in 2023, we ranked seventh among all domestic intelligent driving solutions providers and ranked fourth among all emerging technology companies in China, with a market share of 0.6%, in terms of revenue of Level 0 to Level 2+ solutions. Our solutions have been adopted by well-known domestic OEMs and deployed on various vehicle models, including the NEVs with the highest export sales, which are exported to Europe, South America and Southeast Asia at scale. We offer one-stop software-hardware-integrated solutions for vehicles, driving our business growth.

We have gradually developed from supplying domestic companies and sino-foreign joint ventures to working with global OEMs, fostering long-term competitiveness with our extensive experience in the industry. Our one-stop software-hardware-integrated solutions allow us to satisfy the stringent requirements of leading domestic and overseas OEMs. We are well positioned in domestic vehicles supply chain systems and have also penetrated into the supply chain systems of prominent sino-foreign joint ventures. For example, our 360 around-view solutions supply for a global OEM's heavy trucks. As of the Latest Practicable Date, we had entered into cooperations with various sino-foreign joint ventures and a well-known global OEM, through which we expect to significantly increase our business influence. As of June 30, 2024, our solutions had been selected for 15 exported vehicle models from 6 OEMs that are under development, and had achieved SOP for 21 exported vehicle models from 4 OEMs. Among the 15 models that were under development, most were expected to be exported to various regions. Specifically, 13 were expected to be exported to the European Union, 8 to Australia, 7 to the UK, 9 to Southeast Asia and 3 to the Middle East; among the 21 models that had achieved SOP, 21 were exported to the European Union, 11 to Australia, 11 to the UK, 5 to Southeast Asia, 1 to the Middle East and 1 to Hong Kong. None of our customers exported vehicles equipped with our solutions to the United States or Canada during the Track Record Period and we do not plan to expand into the U.S. or Canadian market. Among the 15 models that were under development, 9 models had different energy types, including 10 ICE models, 5 EV models and 10 models of other new-energy types; and among the 21 models that had achieved SOP, 8 models had different energy types, including 7 ICE models, 14 EV models and 8 models of other new-energy types. These exported models span a wide range of vehicle types, from compact cars to luxury models. This demonstrates our strong capability in meeting international market requirements and our OEM customers' trust in our solutions for their global expansion strategies. In addition to supporting Chinese automakers in their overseas expansion, we have also made progress in supplying our solutions to international OEMs. Our solutions for these exported models are designed to meet the regulatory requirements and industry standards of various international markets, including the European Union, the UK, Australia, Southeast Asia, the Middle East and Hong Kong. This adaptability has been recognized by key customers, as evidenced by our solutions being deployed in the overseas versions of all vehicle models for a leading Chinese electric vehicle manufacturer. We plan to continue our overseas expansion and gradually start to cooperate with leading overseas OEMs.

Since our inception in 2014, we have been at the forefront of paying attention to overseas laws and regulations, enabling us to swiftly adapt to the evolving environment and seize new opportunities. We proactively conducted R&D activities prior to the official implementation of the EU GSR. We anticipate that mandatory high-level assisted driving configuration regulations, such as EU GSR, will be further formulated worldwide and our first-mover advantages will present opportunities for rapid business growth. According to CIC, we are among the first batch of suppliers of DMS solutions in China that successfully supported OEMs in obtaining DDAW certifications for their vehicle models under the EU GSR and we are the first Chinese intelligent cabin solutions provider supporting Chinese OEMs to obtain the five-star rating from the European New Car Assessment Program (E-NCAP) since its introduction in 2023. Our DMS and OMS solutions have been deployed on vehicle models of various leading OEMs, supporting our overseas expansion plan.

**Visionary Management Team with Strong Shareholder Support and Experienced Workforce Committed to Our Mission and Values**

We advocate the "Bamboo Spirit (毛竹精神)," deeply rooting ourselves in the automotive intelligence solutions industry. Since our inception, we have been committing to continuous R&D activities, creating a strong competitive edge. We persist in launching practical solutions that meet the market and customer demands, aiming at long-term business achievements.

Our experienced management includes professionals in the automotive intelligence solutions industry with rich industry experience and knowledge. Our management works closely with our visionary founder, Dr. Liu, to drive our achievements and rapid growth. As the Chairman and general manager, Dr. Liu has over 10 years of experience in the automotive intelligence solutions industry and is primarily responsible for overseeing the overall business development, strategies and operations of our Group. Under Dr. Liu's and the management's guidance, we are well positioned to adapt to the dynamic industry landscape and capitalize on market opportunities. Our pace of commercialization and the coverage of our solutions portfolio have positioned us at the forefront of the industry, allowing us to make a significant contribution to the development of the automotive intelligence solutions industry.

Our shareholders include prominent investors such as Beijing Siwei, Shenzhen Zeyi and Guokai Zhizao. Our investors have provided us with financial support as well as market insight.

We have a professional team with rich experiences in R&D, sales and marketing and supply and production enabling us to maintain strong positions in both R&D and commercialization capabilities.

- Our senior management team has an average of more than 10 years of experience in R&D and production. Some members of the senior management have extensive industry experience in major internet companies. Leveraging our management team's experiences, we are committed to advancing innovation in our solutions.

- As of June 30, 2024, our R&D team comprised 304 employees, representing 61.3% of our total employees. We also have a highly trained sales and marketing team in China. We have implemented an innovative "R&D-sales integration" model, which involves R&D specialists in customer discussions to ensure that our R&D efforts are closely aligned with market needs. This collaborative strategy not only sharpens our R&D focus based on direct customer insights but also nurtures versatile technical expertise within our team, enhancing our ability to respond to evolving customer requirements and market dynamics.

## OUR STRATEGIES

### Continuously Focusing on Technological Innovation and Optimizing Our Solutions

With the continuous advancement of automotive intelligence, vehicles will better cope with complex traffic scenarios. We will continue focusing on technological innovations and optimizing our solutions to promote the development of automotive intelligence solutions industry.

We plan to enhance our R&D capabilities to (i) research artificial intelligence technologies, (ii) refine our product R&D abilities and reinforce our capabilities to commercialize innovations, and (iii) boost the scalability as well as efficiency and effectiveness of our R&D process. We will continue increasing R&D investment and expanding our overseas market based on our in-house developed technologies, software-hardware-integrated R&D capabilities and advanced mass production capabilities, including:

- *Intelligent driving*. We will continue focusing on cutting-edge areas, such as BEV technology, end-to-end technology and Level 4 autonomous driving technology, to further improve our technical capabilities and expand our solutions portfolio. Our BEV technology is not only able to detect obstacles around the vehicle with a 360-degree view, but also capable of recognizing the structure of the roads, expecting to achieve HD-mapless perception-driven NOA. Our end-to-end technology is an important direction in the development of intelligent driving technologies. In addition, we believe that the end-to-end technology will offer a more simplified, efficient intelligent driving architecture where the different modules are jointly optimized with a data-driven approach, thereby achieving the overarching goal of delivering a more accurate and intelligent driving experience. It is expected to simplify system structures, improve data processing efficiency, reduce computational workload and play a significant role of intelligent driving in the future. Our Level 4 autonomous driving technology has been able to achieve autonomous driving in specific areas and operating scenarios and to handle complex traffic situations such as narrow road encounters, busy intersections and emergency maneuvers around obstacles or vehicles.

- *Driving-cabin integration*. We will persist in refining the interaction among driving and in-cabin functions so as to improve the driving experience and pursue a sustained development in the automotive intelligence solutions industry. We plan to continuously develop DMS solutions, OMS solutions and other solutions based on the large-scale AI model. In addition, we will further develop our own intelligent cabin technologies and continue to integrate DMS and OMS solutions to provide a highly interactive intelligent driving experience. For example, our iPilot 4 is designed to integrate DMS and OMS solutions with intelligent driving solutions, achieving the integration of driving, parking and in-cabin functions.

- *External cooperation*. We will intensify our collaborative efforts with external partners to advance the development of intelligent driving technology together. By forming alliances with enterprises along the supply chain, academic institutions and governmental bodies, we can collaboratively address challenges, shape policies and undertake R&D activities that contribute to the automotive intelligence solutions industry.

The continual R&D activities for solutions iteration and the launch of new industry-leading solutions are vital for our business development. Since our inception in 2014, we have been continuously refining our solutions portfolio, accumulating industry experience and actively reviewing customer needs and feedback to carry out R&D activities and iteration. We plan to continue to allocate resources to R&D initiatives aimed at fostering innovation and developing cutting-edge technologies in order to quickly respond to market demands and launch new solutions.

We plan to use approximately 12% of the net proceeds from the Global Offering, or approximately HK$79.8 million, for researching artificial intelligence technologies to maintain our leading edge in technology innovation in the automotive intelligence solutions industry. We intend to develop our end-to-end technology to build a comprehensive intelligent driving architecture and improve our capabilities in designing, training and deploying the large-scale AI model for our intelligent cabin solutions. See "Future Plans and Use of Proceeds."

**Developing Individual Vehicle Intelligence and Vehicle Infrastructure Cooperative System to Empower the Automotive Intelligence Ecosystem**

We will continue adhering to the concept of "empowering intelligent vehicles" (為智能汽車賦能) and focusing on intelligent driving and cabin solutions businesses. We are committed to providing a more comprehensive solutions portfolio.

Our intelligent driving solutions have adopted the BEV technology and have gradually adopted end-to-end technology and other cutting-edge technologies. We plan to refine our solutions and enhance the competitiveness of our solutions portfolio. In terms of our intelligent driving solutions, our iPilot 1, iPilot 2 and iPilot 3 have achieved commercialization. Building off the success of our intelligent driving solutions, we intend to further refine our solutions to enhance our competitiveness in terms of performance, cost effectiveness and reliability. In terms of our intelligent cabin solutions, we are dedicated to elevating the in-vehicle user experience by crafting more sophisticated HMI solutions applicable to a wider array of scenarios, thereby improving driving safety and comfort. We are in the early stage of commercialization for our intelligent cabin solutions to capture growing market opportunities. We intend to further expand our intelligent cabin solutions business by delivering more innovative and personalized functions for in-vehicle users, marking our efforts to capture the evolving trend. In terms of our vehicle infrastructure cooperative systems, we are guided by the vision of "building an efficient zero-accident transportation system" and are committed to being at the forefront of development of intelligent transportation infrastructure and smart cities, aiming to augment road safety and traffic efficiency.

We aim to further drive the convergence of intelligent driving and cabin technologies to deliver more holistic automotive intelligence solutions and remain our market leadership in the trend of driving–cabin integration. For example, we expect to launch our iPilot 4 in 2025, which is expected to be equipped with the most comprehensive set of hardware in our iPilot series and offer advanced driving and in-cabin functions.

Ongoing technology advancements and growing customer desire for safer and better intelligent driving experiences are fueling the progress of the automotive intelligence. Our commitment to technological advancement extends beyond the development of individual vehicle intelligence itself. We are at the forefront of innovation in the development of vehicle infrastructure cooperative system, and in response to the development of intelligent transportation infrastructure and smart cities, we plan to further promote vehicle-to-infrastructure connectivity by enhancing intelligent collaborations among the on-board devices of individual vehicle intelligence and the roadside devices of vehicle infrastructure cooperative system.

We will continuously value customer feedback and refine our service quality guided by a “user-first” (用戶至上) ethos. By actively engaging in collaborations with partners along the industry chain and forging strategic partnerships with OEMs and software and hardware suppliers, we aspire to co-create a synergistic ecosystem. Additionally, we plan to take an active role in the formulation of industry standards to facilitate policy enhancement and innovation.

We plan to use approximately 18% of the net proceeds from the Global Offering, or HK$119.9 million, for improving our R&D infrastructure, equipment and tools and expanding our R&D team to strengthen the scalability as well as efficiency and effectiveness of our R&D process. We intend to expand the space for more hardware and calibration laboratories and testing facilities, and upgrade our hardware and software toolchains for our R&D activities. See “Future Plans and Use of Proceeds.”

**Consistently Promoting Globalization to Become a Leader in the Automotive Intelligence Solutions Industry**

We aim to continuously empower the upstream and downstream industry chain and promote global automotive intelligence development. We plan to enhance our presents in the domestic market and further expand to the overseas markets.

We have long been aware of the importance of global expansion and have leveraged our domestic experience and advantages to expand into the overseas market. From the global market perspective, according to CIC, the global market size for automotive intelligence solutions in terms of revenue, encompassing intelligent driving solutions and intelligent cabin solutions, reached RMB589.9 billion in 2023, and is projected to increase to RMB1,330.3 billion in 2028 with a CAGR of 15.5% from 2024 to 2028; the global market size for intelligent driving solutions in terms of revenue increased from RMB107.1 billion in 2019 to RMB268.7 billion in 2023 with a CAGR of 25.9% from 2019 to 2023, and is projected to increase to

RMB560.9 billion in 2028 with a CAGR of 13.7% from 2024 to 2028; the market size for global intelligent cabin solutions in terms of revenue has increased rapidly from RMB130.2 billion in 2019 to RMB321.3 billion in 2023 and is expected to reach RMB769.4 billion in 2028, at a CAGR of 17.0% from 2024 to 2028. Our extensive R&D experience, mass production expertise and brand recognition will help us further attract global OEM customers. We believe that we will be benefited from our expansion at overseas markets, enabling us to maintain high-speed growth in the long run.

Grasping local regulations and market dynamics in the overseas markets is crucial for achieving our global expansion plan. We intend to carry out comprehensive analyses of each overseas market, tailoring our strategies to align with the nuances of local market dimensions, consumer behaviors and legal stipulations.

We plan to enhance our global presence by establishing more international strategic alliances. Moreover, to enhance the effectiveness of our overall sales and marketing activities in the overseas markets, we plan to recruit experienced sales and marketing personnel to facilitate our business collaborations with automotive OEMs and tier-one suppliers in overseas markets.

Our extensive expertise in automotive intelligence solutions and our integrated R&D capabilities, which encompass both software and hardware on a platform basis, will underpin our strategy for global expansion. We have been gradually expanding our customer base from domestic companies and sino-foreign joint ventures to global OEMs so as to foster long-term competitiveness by providing extensive and high-quality automotive intelligence solutions. Our collaboration with a global leading automotive company supplying advanced products and systems for vehicles stands as a testament to our overseas endeavors, and we are poised to further our overseas business growth and amplify our global presence.

**Continuously Enhancing Intelligent Production Capability to Accelerate Commercialization**

We will continue enhancing our intelligent production capabilities so as to accelerate our commercialization from the following aspects:

- *Advanced and automated production lines*. The introduction of fully SMT lines, DIP lines, automated assembly lines and intelligent packaging lines at the Guangzhou Production Base is expected to further curtail manual operations, diminish costs and augment efficiency. In addition, we plan to introduce advanced automated production equipment and systems to further enhance the intelligence of our production lines, thereby improving our operational and production efficiency.

- *Intelligent production systems*. The adoption of the MES and ERP system has facilitated real-time monitoring and management of production processes. We also plan to implement intelligent quality control measures at various stages of the production process to ensure the high quality of the solutions delivered to our customers.

- *High-precision equipment*. By procuring advanced mechanical equipment, we aim to guarantee precise processing and assembly, thereby elevating the quality of solutions provided.

- *Production expansion plan*. We attach great importance to improving the efficiency of our existing production lines and plan to further expand our production scale based on customer demand and market forecasts by way of building new production bases or expanding existing production bases.

- *Supply chain management*. We will continuously optimize supply chain management to ensure a stable and reliable raw materials and components supply to guarantee our production quality and achieve cost control. We plan to vertically integrate certain parts of our supply chain which we believe are more beneficial to manufacture in-house than through procurement from external parties. For example, we plan to develop in-house advanced sensors leveraging our strong perception technology, and establish an automated sensor production line.

In addition, we plan to switch certain production processes that are currently done by external parties to in-house production, thereby providing us with more control over the overall product workstream and the quality of production outcomes. Such integration is also expected to increase flexibility and adaptiveness of our production, allow us to further streamline production workflows to reduce lead time and down time and reduce our production costs in the long run.

Through the above measures, we can effectively improve our production capability to meet market demands for high-quality solutions. We plan to use approximately 30% of the net proceeds from the Global Offering, or approximately HK$199.8 million, for increasing our production efficiency and solution competitiveness. We intend to switch certain production processes that are currently performed by external parties to in-house production and establish advanced automated production systems such as SMT lines, DIP lines, automated assembly lines and intelligent packaging lines. We also aim to vertically integrate the sensor production part of our supply chain by develop in-house advanced sensors and establish an automated sensor production line. To achieve both, we plan to allocate funds to purchase relevant production equipment and recruit manufacturing personnel. See "Future Plans and Use of Proceeds."

### Continuously Attracting Talent for Technological Innovation

Technological innovation is deemed essential for our success, with talent acquisition and development playing a crucial role. We have instituted a thorough internal talent development mechanism. As of the Latest Practicable Date, we had five R&D centers strategically located in Shenzhen, Beijing, Shanghai, Wuhan and Nanjing. We will continue attracting R&D talent and plan to attract more experts in perception algorithms, decision planning and control and positioning algorithms. To incentivize our employees and retain our talent, we had in place two share award schemes, and incurred share-based payments of RMB8.8 million, RMB15.0 million, RMB22.4 million, RMB11.2 million and RMB15.3 million, respectively, in 2021, 2022 and 2023 and the six months ended June 30, 2023 and 2024.

We plan to recruit and retain relevant R&D talent to achieve breakthroughs in advanced intelligent driving technologies, boost the scalability as well as efficiency and effectiveness of our R&D activities, and optimize and enrich our solutions portfolio. Specifically, we plan to focus on R&D activities on emerging technologies and applications, including the end-to-end technology and large-scale AI model. In connection with this objective, we intend to retain talent with algorithms and engineering expertise to conduct the R&D projects. As we will need to manage a significant amount of data in our R&D process, we intend to hire more R&D personnel specialized in data labeling and management. We plan to use approximately 10% of the net proceeds from the Global Offering, or HK$66.6 million, for refining our product R&D abilities and reinforcing our capabilities to commercialize innovations. We plan to allocate funds to research domain controller products to enhance the competitiveness of our iPilot solutions. See "Future Plans and Use of Proceeds."

### Further Developing Customer Base and Exploring New Business Pathways

With the positive industry momentum, we believe we are well positioned to capture greater market share and continue to drive revenue growth in the intelligent driving and intelligent cabin markets. Building on our in-house development capabilities and advanced intelligent mass production capabilities, we have established first-mover advantages in the solutions that we offer.

We have established cooperative relationships with various industry-leading OEMs and tier-one suppliers, attributable to our solution performance, reliable solutions quality and comprehensive services, all of which have contributed to our strong industry reputation. We expect to further enhance our relationships with existing customers. As of the Latest Practicable Date, we had accumulatively undertaken mass production for 35 OEMs. We have also established long-term relationships with many of our customers. We intend to capitalize on the relationships established with our existing customers to further discover and meet their needs and stay at the technological forefront of the market. We believe that our market leadership, along with our cost-effective solutions as well as mass production capabilities, will continually help us attract new customers. We expect to access new customers and business opportunities, such as showcasing our solutions performance and capabilities to prospective OEMs and tier-one suppliers through collaborative development projects, thereby demonstrating the value proposition of our solutions.

We also aim to continually upgrade and expand our intelligent driving and cabin solutions. We expect that our customers will find increasing value in our solutions and apply them in more of their mass-produced vehicle models, driving our revenue growth concurrently. We anticipate broadening the scope of our design wins to encompass the entirety of OEMs' vehicle platforms, which are commonly used to create a range of vehicle models sharing similar components, systems and functions, thereby requiring intelligent driving solutions with similar specifications. By adopting this strategy, we expect to be able to secure a substantial volume of orders covering the entire solutions line of the OEMs. This approach will also allow us to mitigate the costs associated with developing and tailoring our solutions for each individual vehicle model. As a result, we can enhance our operational efficiency by streamlining our development process and delivering our solutions more quickly and effectively to achieve SOP for a larger number of vehicle models.

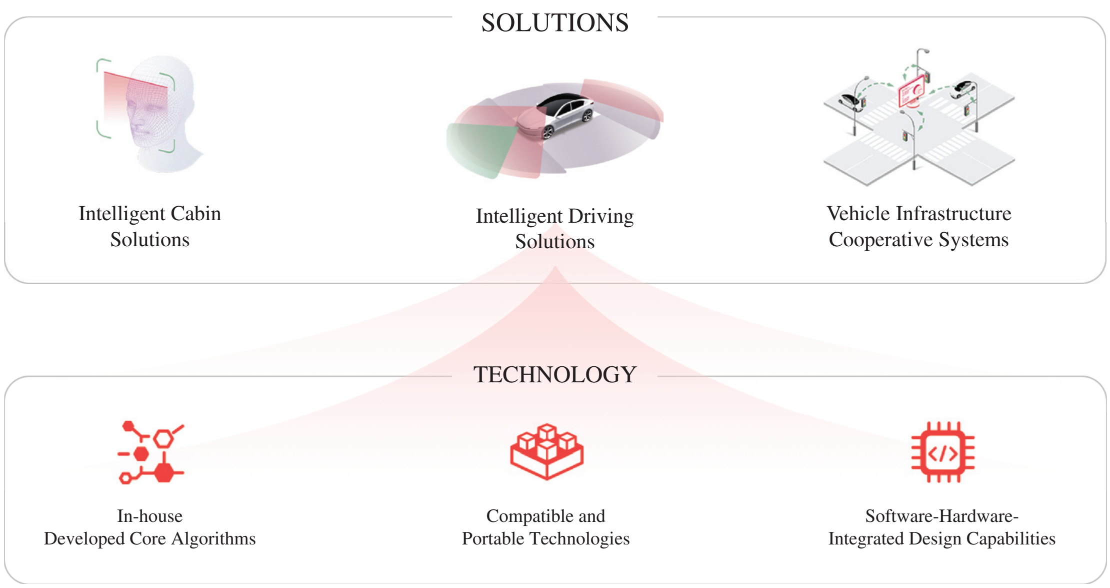
Capitalizing on the expertise in intelligent driving and intelligent cabin technologies, we are poised to extend our reach to logistics firms and urban transport operators, offering them integrated solutions, aiming to cultivate new customer relationships and innovate business patterns. We also plan to introduce our core technologies into specific fields, such as mining and aircraft industry. By engaging in cross-border collaborations, we intend to spearhead the application and innovation of intelligent solutions in these new strategic pathways, thereby diversifying our solutions portfolio and pioneering new avenues for technological application.

We plan to use approximately 20% of the net proceeds from the Global Offering, or approximately HK$133.2 million, for reinforcing our sales and marketing capabilities. We intend to establish offices in Shanghai, Singapore and Munich to explore market opportunities in the PRC, Southeast Asia and Europe, respectively. As part of this plan, we intend to allocate funds to recruit sales and marketing personnel, lease office space and enhance our presence in these markets through a variety of public relations and marketing activities. See "Future Plans and Use of Proceeds."

## OUR BUSINESS

We are an intelligent driving and cabin solutions provider in China. We offer comprehensive intelligent driving and cabin solutions that enhance vehicle intelligence, automotive safety and in-vehicle experiences in various operational scenarios for both drivers and passengers to cater to diverse customer needs and expectations for ADAS and ADS functionalities. In addition, we offer vehicle infrastructure cooperative systems to customers in the transportation infrastructure sector to enhance road safety, improve traffic management efficiency and lower operating costs. We also continue to address new features driven by our commitment to the continual development of intelligent driving techniques.

Our portfolio encompasses solutions integrating algorithms, software and hardware across our business lines of intelligent driving solutions, intelligent cabin solutions and vehicle infrastructure cooperative systems. The following diagram illustrates the broad spectrum of our solutions and how our business lines interact with our core technologies:




In particular, our solutions comprise:

- **Intelligent Driving Solutions.** Our intelligent driving solutions primarily include the iSafety and iPilot series. Our iSafety solutions, developed based on ADAS technologies, feature: (i) a rich array of cost-effective functions enhancing automotive intelligence and safety; and (ii) high compatibility with various vehicle models, SoC platforms and other components. Leveraging our technological capabilities at higher levels of intelligent driving techniques, we provide iPilot solutions to accommodate the various customization needs of OEMs for more innovative automation functions of their vehicles in a wide range of application scenarios. Furthermore, we are developing ADS functions and expect to deliver our iRobo solutions in the first quarter of 2025, which are currently in the testing phase. Our iRobo solutions can support fully autonomous driving in specific areas and operating scenarios.

- **Intelligent Cabin Solutions.** Our intelligent cabin solutions are centered around in-cabin sensing and in-cabin interaction, with primary offerings comprising DMS solutions, OMS solutions and other solutions. Supported by our in-house proprietary algorithms, our intelligent cabin solutions are able to achieve high stability and accuracy while performing a broad spectrum of functions that enrich the in-vehicle user experience and automotive safety.

- **Vehicle Infrastructure Cooperative Systems.** Leveraging our core technologies and our extensive experiences from the sectors of intelligent driving and cabin solutions that have been validated on a large scale, we offer vehicle infrastructure cooperative systems that integrate in-house designed sensor devices, such as radars and cameras, our in-house developed algorithm structures and advanced V2X technologies. We generally work with customers in the transportation infrastructure sector aiming to augment road safety and traffic efficiency, and also help customers manage traffic flows in industry parks, parking lots and roadside parking space. By promoting vehicle-to-infrastructure connectivity, our vehicle infrastructure cooperative systems have facilitated the intelligent collaborations among the on-board devices of individual vehicle intelligence and the roadside devices of vehicle infrastructure cooperative system, so as to contribute to the establishment of an automotive intelligence ecosystem.

As of the Latest Practicable Date, we had accumulatively undertaken mass production for 35 OEMs. As of the Latest Practicable Date, in terms of sales volume, seven of the top 10 domestic OEMs had chosen our solutions for their mass-produced vehicle models. As of December 31, 2021, 2022 and 2023 and June 30, 2024, we had design wins under development for 20, 36, 51 and 41 vehicle models with 14, 20, 21 and 22 OEMs, respectively, and had undertaken mass production for 22, 53, 64 and 94 vehicle models with 9, 19, 26 and 29 OEMs, respectively.

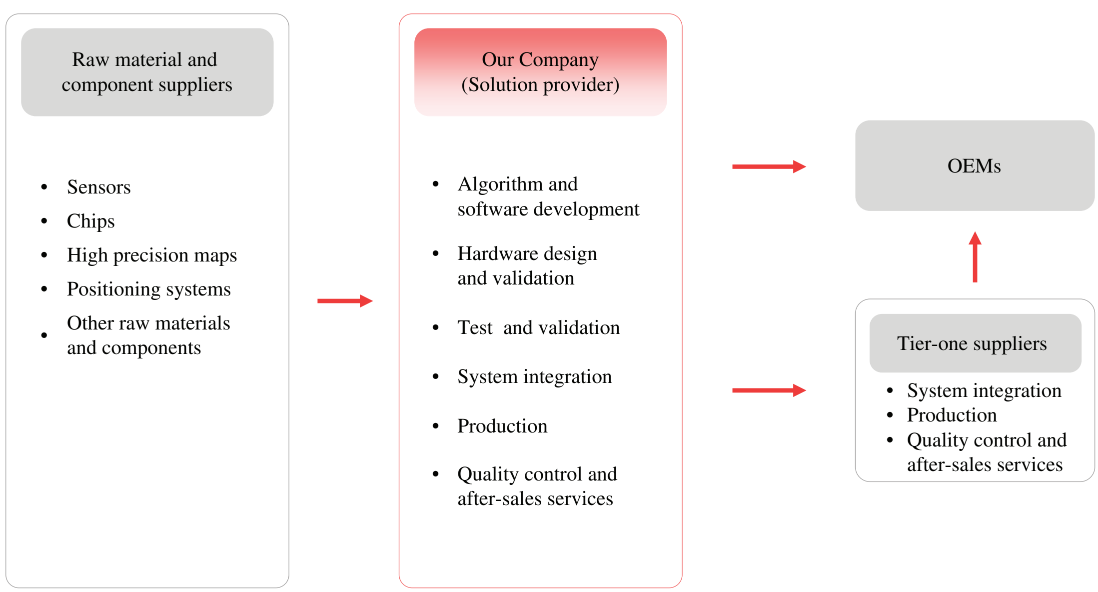
During the Track Record Period, we generated a large majority of our revenue from intelligent driving solutions. Meanwhile, we have also been focusing on the development of our intelligent cabin solutions and vehicle infrastructure cooperative systems. The revenue from these two business lines continued to grow both in absolute number and as a percentage of the total revenue during the Track Record Period. The following table sets forth a breakdown of our revenue by business line for the years/periods indicated:

| | Year ended December 31, | | | | | | Six months ended June 30, | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | 2021 | | 2022 | | 2023 | | 2023 | | 2024 | |
| | Amount | % | Amount | % | Amount | % | Amount | % of revenue | Amount | % of revenue |
| | *(RMB in thousands, except for percentages)* | | | | | | | | | |
| | | | | | | | *(unaudited)* | | | |
| Intelligent driving solutions | 173,019 | 98.8 | 267,312 | 95.7 | 386,150 | 81.1 | 142,617 | 87.0 | 182,279 | 77.0 |
| *iSafety solutions* | 173,007 | 98.8 | 231,501 | 82.9 | 334,780 | 70.3 | 125,307 | 76.5 | 152,867 | 64.6 |
| *iPilot solutions* | 12 | 0.0 | 35,811 | 12.8 | 51,370 | 10.8 | 17,310 | 10.5 | 29,412 | 12.4 |
| Intelligent cabin solutions | 696 | 0.4 | 1,565 | 0.6 | 18,346 | 3.8 | 4,089 | 2.5 | 30,540 | 12.9 |

| | Year ended December 31, | | | | | | Six months ended June 30, | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | 2021 | | 2022 | | 2023 | | 2023 | | 2024 | |
| | Amount | % | Amount | % | Amount | % | Amount | % of revenue | Amount | % of revenue |
| | *(RMB in thousands, except for percentages)* | | | | | | | | | |
| | | | | | | | *(unaudited)* | | | |
| Vehicle infrastructure cooperative systems . . . . . . | – | – | 722 | 0.3 | 71,454 | 15.0 | 16,965 | 10.4 | 23,626 | 10.0 |
| Others[(1)] . . . . . . | 1,459 | 0.8 | 9,759 | 3.4 | 256 | 0.1 | 163 | 0.1 | 230 | 0.1 |
| **Total** . . . . . . . . | **175,174** | **100.0** | **279,358** | **100.0** | **476,206** | **100.0** | **163,834** | **100.0** | **236,675** | **100.0** |

(1) Others mainly refer to revenue generated from sales of spare parts and rendering maintenance services.

The following diagram illustrates the respective roles of all the stakeholders along the value chain:




We operate as a solution provider in the industry value chain. Upstream, we source critical raw materials and components, including sensors, chips, high precision maps positioning systems and other necessary materials for our solutions. Our core activities encompass algorithm and software development, hardware design, testing and validation, system integration, production, quality control and after-sales services. These activities enable us to create comprehensive intelligent driving and cabin solutions that enhance vehicle intelligence, safety and in-vehicle experiences. For details of our competitive strengths compared to our peers, see "Business—Our Strengths." Downstream, our solutions reach the market through two primary channels. We supply solutions directly to OEMs, collaborating closely with them to customize and integrate our technologies into their vehicle models. We also provide solutions to tier-one suppliers, who then integrate our technologies into their products before supplying them to OEMs.

**Intelligent Driving Solutions**

Our intelligent driving solutions represent a suite of software and hardware integrated into vehicles, which are designed to reduce human intervention and enhance road safety. Such solutions utilize a combination of sensors to understand the vehicle's surroundings and driving environments and process the data in real time with advanced algorithms. The intelligent driving system then provides warnings and makes decisions on the vehicle actions, such as determining when to accelerate, brake or steer, supporting the effective control of the vehicle's actions.

ADAS solutions refer to solutions enabling Level 1 to Level 2+ automation, allowing continuous control over various aspects of lateral and longitudinal vehicle dynamics. Currently, global intelligent driving solutions industry is progressing towards Level 2+ vehicle autonomy.

According to CIC, the distinction between Level 2 and Level 2+ intelligent driving solutions lies in their technologies and functions. Compared to Level 2 solutions, Level 2+ offers a broader detection range and higher precision through enhanced hardware configurations and more sophisticated cooperation between key components, leading to more comprehensive driving functions and superior driving experiences. A typical Level 2 function combines adaptive cruise control (ACC) and lane keeping assist (LKA), helping vehicles maintain a safe following distance and stay within their lanes. This typically requires one camera and one to five millimeter-wave radars. In contrast, an example of Level 2+ solution is highway navigate on autopilot (HNOA), which enables vehicles to follow navigation paths on highways autonomously, handling complex driving tasks to the destination as specified by the driver. Implementing such features usually involves configuring at least five to twelve cameras and millimeter-wave radars, with some systems also incorporating one or two LiDARs.

ADS solutions refer to solutions enabling Level 3 to Level 5 automation, which can continuously perform a full range of dynamic driving tasks. The difference between Level 2+ and Level 3 solutions lies in the degree of driver responsibility. Both Level 2+ and Level 3 intelligent driving solutions can perform more advanced and complex driving tasks under specific conditions compared to Level 2 intelligent driving solution. However, with Level 2+ solutions, the driver must continuously monitor the vehicle and be ready to take control at all times. In contrast, Level 3 solutions can fully control the driving process and handle driving tasks without the need for continuous driver supervision under certain conditions. This allows the driver to legally divert his/her attention from driving tasks and only take over control when requested by the system. In summary, Level 2+ provides advanced driver assistance with the driver always remaining in control, whereas Level 3 allows for conditional vehicle autonomy, where the vehicle takes full control under specific conditions, with the driver ready to intervene upon request.

Benefiting from our years of expertise in the R&D of intelligent driving technologies accumulated since 2014 and rich commercialization experience gained since 2017, we are capable of designing, developing, optimizing and commercializing intelligent driving solutions of different automation levels in response to diversified application scenarios to make vehicles safer and smarter. Our intelligent driving solutions have the following characteristics:

- ***Comprehensiveness.*** We have developed a comprehensive solutions portfolio with various intelligent driving functions, covering Level 0 to Level 2+ intelligent driving solutions that are in-house developed and proven by mass production. Specifically, our intelligent driving solutions at Level 0 to Level 2 automation primarily focus on enhancing safety, our intelligent driving solutions at Level 2+ automation primarily focus on providing more advanced intelligent driving functions, such as NOA and HAVP, and our efforts in developing Level 4 autonomous driving solutions represents our commitment to the continual development of autonomous driving techniques.

- ***Compatibility.*** Our intelligent driving solutions can be compatible with various vehicle models, SoC platforms and other components, which enables us to deliver our solutions with modularized customization based on the hardwares determined by OEMs, thereby allowing us to efficiently meet OEMs' needs at reasonable costs.

- ***Cost-effectiveness.*** Leveraging years of efforts in technology advancement, we offer cost-effective intelligent driving solutions featuring minimal requirements for computing power consumption and hardware configurations.

Capitalizing on our robust intelligent driving solutions, we have accumulated a large and loyal customer base composed primarily of leading OEMs and tier-one suppliers in China. In 2021, 2022 and 2023 and the six months ended June 30, 2024, we had design wins under development for our intelligent driving solutions for 18, 19, 20 and 25 vehicle models with 12, 13, 14 and 16 OEMs, respectively, and had undertaken mass production for 22, 50, 56 and 67 vehicle models with 10, 17, 20 and 22 OEMs, respectively. In 2023, the average unit price for our intelligent driving solutions was approximately RMB491.6. We set the pricing of our intelligent driving solutions by mainly considering: (i) the complexity of the solutions and relevant services required by customers; (ii) expected sales volume of the solutions; and (iii) the expected profitability of the solutions.

We offer iSafety and iPilot solutions and other intelligent driving solutions related services in our intelligent driving solutions business. These solutions are typically offered in forms of hardware (such as a domain controller with associated sensors) embedded with our in-house developed algorithm solutions. Meanwhile, we are also developing our iRobo solutions, which are currently in the testing phase.

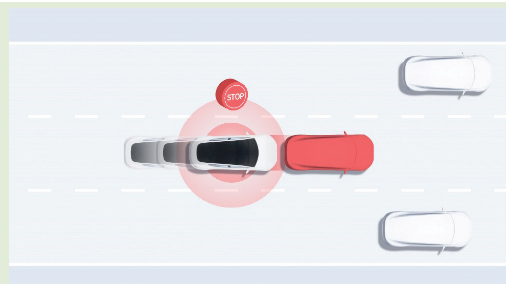
According to our PRC Legal Advisor, our intelligent driving solutions business had been carried out in compliance with applicable PRC laws and regulations in all material respects during the Track Record Period and up to the Latest Practicable Date.

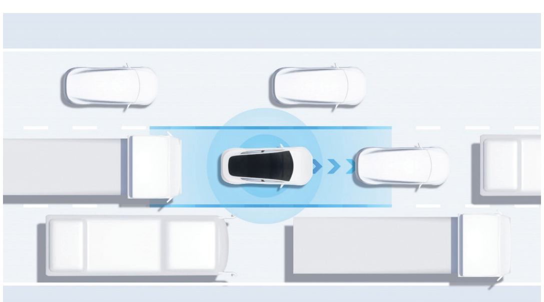
*iSafety Solutions*

Our iSafety solutions integrate multi-sensor perception systems with our proprietary perception algorithms to detect and locate vehicles, pedestrians, lanes, traffic signals and road signs. They feature the use of our algorithms to process multi-sensor signals to realize the perception of the real world and to implement intelligent driving functions through planning and control. We have also deployed our in-house developed HardNet neural network inference framework on hardware. See "—Our Technologies." In particular, our iSafety solutions enable a safe and intelligent driving experience in complex traffic scenarios such as sharp bends, S-shaped curves and intersections while performing AEB, TJA, ICA, ACC, LKA, FCW, LDW and other ADAS functions, thereby reducing the risk of traffic accidents.

Our iSafety solutions are generally able to achieve the following major functions:

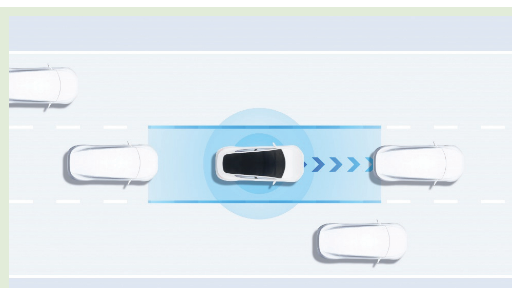
*Autonomous Emergency Braking (AEB).* Our iSafety solutions activate an alarm or initiate braking automatically when the driver brakes too late, applies insufficient braking force, or fails to brake at all. Our AEB has met the requirements of C-NCAP.

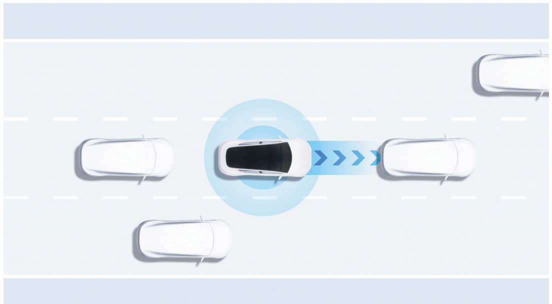


*Traffic Jam Assist (TJA).* In situations of traffic congestion, TJA provides drivers with both lateral and longitudinal assistance functions. While TJA can control the vehicle to travel in the middle position of the lane lines at a certain speed, it can control the vehicle to follow the trajectory of the vehicle ahead and actively manage the acceleration and deceleration of the vehicle, maintaining a certain distance from the vehicle in front.

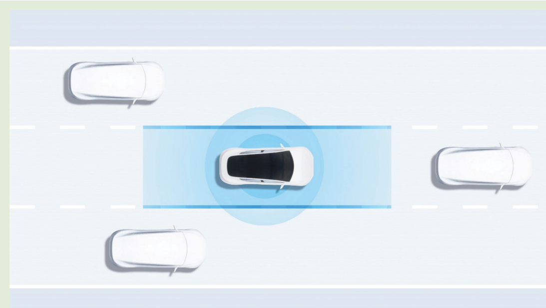
*Integrated Cruise Assist (ICA).* In smooth traffic conditions, by controlling the vehicle's lateral and longitudinal movements, ICA assists the vehicle to stay centered in its current lane, moving at a set speed. Meanwhile, if there is a vehicle ahead, ICA ensures the vehicle maintains a consistent following distance from it.

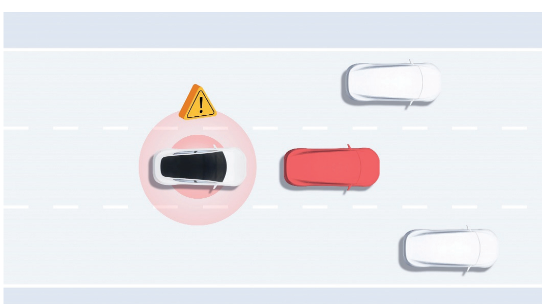




*Adaptive Cruise Control (ACC).* Our iSafety solutions automatically control the longitudinal movement of the vehicle to ensure driving safety and provide convenient assistance to the driver. ACC provides a smooth vehicle-following experience, supporting the recognition and tracking of dozens of vehicle types, including unconventional ones. Our ACC also achieves long-distance responsiveness and anticipatory judgment and supports braking for stationary targets at speeds of up to 100 km/h.

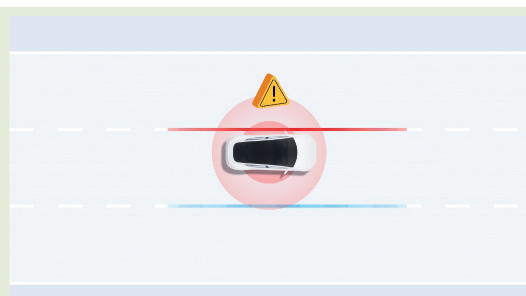
*Lane Keeping Assist (LKA).* Our iSafety solutions continuously monitor the vehicle's position relative to the lane markings and control the lateral movement of the vehicle either continuously or when necessary to ensure the vehicle stays within its lane.





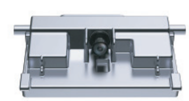
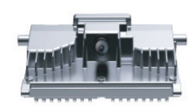
*Forward Collision Warning (FCW).* Our iSafety solutions monitor the driving environment in front of the vehicle in real time and issue warning alerts in the event of a forward collision risk.

*Lane Departure Warning (LDW).* When LDW is activated, our iSafety solutions continuously monitor the vehicle's relative position to the lane markings and alert the driver when the vehicle unintentionally drifts out of the lane or is about to leave the lane.



Our iSafety solutions are designed to be flexibly compatible with various vehicle models, SoC platforms and other components in response to the diverse requirements of OEMs and tier-one suppliers. Such compatibility and flexibility can effectively shorten our re-development cycle and reduce our re-development costs without compromising our ability to further evolve our advanced solutions in the pipeline. In addition, our iSafety solutions are able to realize intelligent driving functions with low computing power consumption on simple ECUs. For example, the computing power of iSafety 1 to meet the ISO intelligent transport system or C-NCAP related test can be as low as 0.55 TOPS. This enables us to offer competitive solutions with high computing efficiency to meet the specific needs of OEMs. The computing power of our iSafety solutions generally ranges from 0.55 to five TOPS, allowing us to reach a large customer base that demands flexible and cost-effective solutions for their vehicle models.

We developed a prototype of our iSafety solution in 2016. Since 2019, we have developed and commercialized iSafety 1, iSafety 2 and iSafety 3, newer-generation products in the iSafety series. Our iSafety solutions possess high computing efficiency and various intelligent driving functions and other functions that are specifically designed to meet the requirements of OEMs. The following table sets out some details of our major iSafety solutions:

| | ***iSafety 1*** | ***iSafety 2*** | ***iSafety 3*** |
|---|---|---|---|
| |  |  |  |
| **Computing power** | 0.55 TOPS | Four TOPS | Five TOPS |
| **Sensors** | • One camera<br>• One millimeter-wave radar (optional) | • One camera<br>• One millimeter-wave radar (optional) | • One camera<br>• One to five millimeter-wave radar (optional) |
| **Primary functions** | • Driving (forward-warning) functions: FCW, LDW, PCW, TSR | • Driving (control) functions: AEB, ACC, LCC, LKA, TJA, ICA<br>• Driving (forward-warning) functions: FCW, LDW, PCW, TSR, IHBC, S&G | • Driving (control) functions: AEB, ACC, LCC, LKA, TJA, ICA, DCLC<br>• Driving (forward- and backward-warning) functions: FCW, LDW, PCW, TSR, IHBC, S&G, DOW, RCW, BSD, FCTA, RCTA |

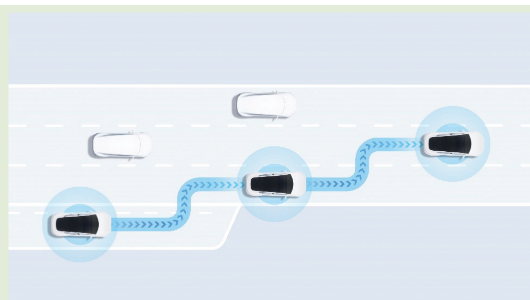
In particular, our iSafety 2 and iSafety 3 are equipped with excellent ACC braking performance for static targets, supporting full stops at speeds up to 100 km/h. They are also equipped with cornering capabilities, supporting tight bends with radii of less than 50 meters, handling S-curves and following vehicles through intersections. Our more recent iSafety solutions have met the requirements of C-NCAP and E-NCAP. All our iSafety solutions listed above have achieved commercialization and mass production.

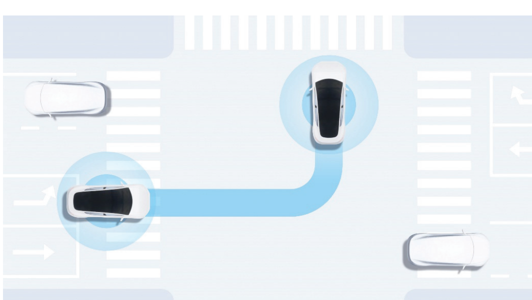
***iPilot Solutions***

We have been developing our iPilot solutions featuring advanced driving functions since 2021. With the perception-driven approach with minimum reliance on HD maps, our iPilot solutions are able to deliver advanced intelligent driving functions, spanning highway and urban routes driving and parking, which are expected to achieve HD mapless perception-driven NOA in the near future. Building upon the basic intelligent driving functions of our iSafety solutions, our iPilot solutions integrate more sophisticated intelligent driving and parking functions to provide an increasingly intelligent driving and parking experience.

Our iPilot solutions are able to accomplish, in addition to those functions of iSafety solutions, the following major functions:

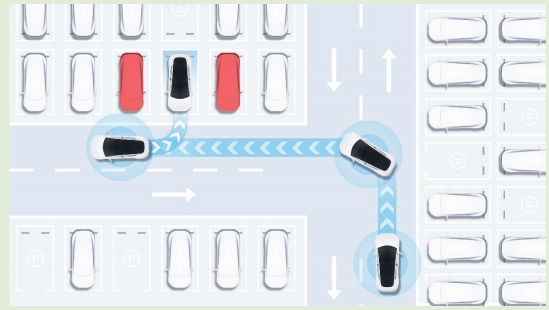
*Highway Navigate on Autopilot (HNOA).* Our iPilot solutions allow the vehicle to automatically follow the navigation path on highways based on navigation maps, including automatic lane changes according to navigation, automatic entry and exit from ramps and automatic overtaking.

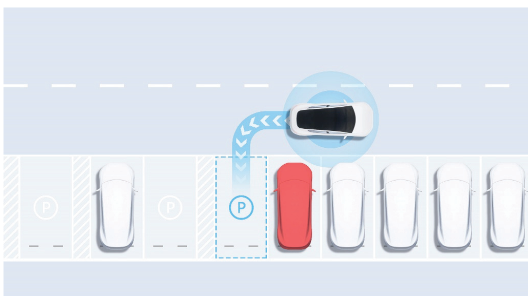




*Urban Navigate on Autopilot (UNOA).* Our iPilot solutions allow the vehicle to automatically follow the navigational route on structured urban roads. This includes automatic lane changes according to navigation, passing through intersections, making left and right turns and U-turns and automatically navigating around obstacles for point-to-point travel.

*Home Automated Valet Parking (HAVP).* Our iPilot solutions allow the vehicle to autonomously find a parking space and park itself in fixed parking scenarios such as residential or commercial parking lots. After the vehicle has learned the route, the vehicle is able to autonomously park itself and there is no need for the driver to perform any operations for parking.





*Automatic Parking Assist (APA).* Our iPilot solutions use the vehicle's own sensors to monitor the relative distance, speed and angle between the vehicle and surrounding obstacles. APA controls the vehicle's acceleration, deceleration and steering to automatically park into or out of designated parking space.

iPilot is a Level 2+ solution. Compared to Level 2 intelligent driving solutions, Level 2+ solutions offer a broader detection range and higher precision through richer hardware configurations and more intelligent cooperation between key components, resulting in more comprehensive driving functions and superior driving experiences. Typical functions of Level 2+ solutions include HNOA, UNOA and HAVP, which are all included in iPilot solutions.

The driver can easily interrupt the functions above by lightly pressing the brake pedal. Control of the vehicle will immediately be handed back to the driver. In addition, iPilot's algorithms constantly monitor driving conditions and will alert the driver to take over when a danger is detected. For example, the driver is required to always keep his/her hand on the steering wheel. If the driver's hands are not on the steering wheel for an extended period, the system will remind the driver to retake control. Further, even when the HNOA, UNOA, HAVP and APA functions are active, the AEB function continuously monitors collision risks. If an obvious collision danger is detected during driving, the vehicle will perform active braking through AEB and transfer control to the driver.

Our iPilot solutions are designed to offer cost-effective deliveries to OEMs and tier-one suppliers with high computing efficiency and minimum requirements for hardware configurations to meet the various requirements of OEMs and tier-one suppliers. The perception-driven approach with minimum reliance on HD maps, as applied in our iPilot solutions, is supported by our in-house developed algorithms with deep neural network technology at the perception stage, which can facilitate the cost management for our customers. For example, our iPilot solutions have adopted the BEV technology, early-fusion algorithms that synergize visual and radar data and tracking and prediction algorithms to provide stable and continuous in-depth perception of surrounding obstacles, while integrating intelligent driving and parking functions into a single intelligent driving module. Our BEV technology is also capable of sensing and analyzing temporal and spatial data, enabling our iPilot solutions to efficiently anticipate and react to potential obstacles or changes in various driving environment. Benefitted from the BEV technology adopted in our iPilot solutions, OEM customers are able to select simple hardware configurations, which can optimize their overall cost structure.

Moreover, our efficient utilization of computing power can help us effectively control hardware costs for ourselves and OEM customers. For example, our iPilot solutions are generally able to support intelligent driving and parking functions with a single chip. In addition, our iPilot 3 is able to use only 32 TOPS to achieve HNOA and HAVP simultaneously. Same as our iSafety solutions, our iPilot solutions are also designed to be flexibly compatible with mainstream SoC platforms, and they can also flexibly work with various sensor combinations under similar algorithm frameworks.

Furthermore, leveraging our in-house developed algorithms, we are able to co-develop highly customized intelligent driving functions with OEMs and tier-one suppliers, catering to the various needs of target markets. For example, we have collaborated with OEMs and developed customized intelligent driving functions under off-road scenarios, such as automatically optimizing ACC by taking considerations of various driving conditions, including paved road, dirt roads, snow roads, gravel roads and waded dirt roads through providing additional driving modes.

The following table sets out some details of our major iPilot solutions:

| | *iPilot 1* | *iPilot 2* | *iPilot 3* | *iPilot 4* |
|---|---|---|---|---|
| |  |  |  |  |
| **Computing power** | Eight TOPS | Five TOPS | 32 TOPS | 80 TOPS |
| **Sensors** | • Five millimeter-wave radar<br>• Six cameras<br>• 12 ultrasonic radar | • Five millimeter-wave radar<br>• Five cameras<br>• 12 ultrasonic radar | • One to five millimeter-wave radar<br>• Six to 10 cameras<br>• 12 ultrasonic radar | • One LiDAR<br>• Five millimeter-wave radar<br>• Seven to 11 cameras<br>• 12 ultrasonic radar |

| | | | | |
|---|---|---|---|---|
| **Primary functions (in addition to the functions of iSafety solutions)** | • Driving functions: lite HNOA<br>• Parking functions: HAVP, APA, AVM, RPA, PDC | • Driving functions: lite HNOA<br>• Parking functions: APA, AVM, RPA, PDC | • Driving functions: HNOA<br>• Parking functions: HAVP, APA, AVM, RPA, PDC | • Driving functions: HNOA/UNOA<br>• Parking functions: HAVP, APA, AVM, RPA, PDC<br>• In-cabin functions: DMS/OMS |

In particular, iPilot 1 distinguishes itself by its high computing power efficiency, lite NOA (with minimum reliance on HD maps) and HAVP. It does not rely on water-cooled cooling systems and allows its application in both NEVs and traditional petrol-powered cars, thereby imposing fewer requirements on the vehicle's power supply capabilities. In addition, iPilot 1 has met the requirements of C-NCAP. iPilot 2 is equipped with eight megapixel cameras and is able to achieve advanced intelligent driving and parking solutions on a single chip in a cost-effective manner. iPilot 2 is underpinned by our proprietary algorithms for diverse parking space geometries, capable of achieving dynamic route planning to accommodate parking spaces of various complex shapes. iPilot 3 is able to achieve HNOA in a cost-effective manner, leveraging the BEV technology and the perception-driven technology with minimum reliance on HD maps. iPilot 1, 2 and 3 have been commercialized. iPilot 4 is expected to achieve UNOA and HAVP leveraging the BEV technology and end-to-end technology. iPilot 4 is designed to integrate intelligent cabin solutions, achieving the integration of driving, parking and in-cabin functions. As of the Latest Practicable Date, we had finalized the functionality design of iPilot 4 and commenced the hardware design verification test. We had also tested the perception algorithm model of iPilot 4, which demonstrated good stability in identifying vehicles, pedestrians and other objects on regular roads. We expect iPilot 4 to commence commercialization in 2025.

The following table sets forth details of the main vehicle brands, vehicle types, vehicle energy types, market positioning and major retail locations for which we have achieved mass production or procured design wins of our intelligent driving solutions during the Track Record Period and up to the Latest Practicable Date:

| No. | Main vehicle brands | Vehicle types | Vehicle energy types | Market positioning | Major retail locations |
|---|---|---|---|---|---|
| **iSafety Solutions** | | | | | |
| 1. . . | Brand A[1] | Buses | ICE vehicles, EVs and other NEVs | Brand A focuses on high-end business, passenger transport, tourism, public transport, school buses, special-purpose vehicles and group vehicles. | Mainland China |
| 2. . . | Brand B[2] | SUVs and sedans | EVs and other NEVs | Brand B's vehicles spans from entry-level to high-end luxury. Brand B's vehicles models include sedans, SUVs, MPVs and NEVs. | Mainland China |
| 3. . . | Brand C[3] | Heavy-duty trucks | ICE vehicles and EVs | Brand C covers mid-range and high-end automotive market segments. It offers various models including tractor trucks, dump trucks, special-purpose vehicles, mixer trucks and cargo trucks. | Mainland China |
| 4. . . | Brand D[4] | Heavy-duty trucks | ICE vehicles and EVs | Brand D specializes in the mid-range and high-end heavy truck market. It offers various models including natural gas heavy trucks, diesel heavy trucks and new energy heavy trucks. | Mainland China |

| No. | Main vehicle brands | Vehicle types | Vehicle energy types | Market positioning | Major retail locations |
|---|---|---|---|---|---|
| 5. . . | Brand E[5] | Heavy-duty trucks | ICE vehicles and EVs | Brand E covers mid-range and high-end market segments, it offers various models including tractor trucks, cargo trucks, heavy engineering trucks and special-purpose vehicles. | Mainland China |
| 6. . . | Brand F[6] | Tanker trucks, tow trucks and sanitation trucks | ICE vehicles | Brand F covers mid-range and high-end market segments, it offers various models including tractor trucks, cargo trucks, heavy engineering trucks and special-purpose vehicles. | Mainland China |
| 7. . . | Brand G[7] | Sedans and SUVs | ICE vehicles | Brand G primarily focuses on the entry-level and mid-range market segment, it mainly offers sedans and SUVs. | Mainland China |
| 8. . . | Brand H[8] | SUVs | ICE vehicles, EVs and other NEVs | Brand H primarily covers various segments from entry-level to mid-range, it mainly offers SUV models. | Mainland China and EU |
| 9. . . | Brand I[9] | SUVs | EVs and other NEVs | Brand I covers various segments from entry-level to mid-range, it offers models including sedans, SUVs and sports cars. | Mainland China |

| No. | Main vehicle brands | Vehicle types | Vehicle energy types | Market positioning | Major retail locations |
|---|---|---|---|---|---|
| 10. . | Brand J[10] | Sedans | ICE vehicles and other NEVs | Brand J covers various segments from entry-level to high-end, it offers models including sedans, SUVs and sports cars. | Mainland China, EU, UK and Australia |
| **iPilot Solutions** | | | | | |
| 1. . . | Brand I | Sedans and SUVs | EVs and other NEVs | See No. 9 above. | Mainland China |
| 2. . . | Brand K[11] | MPVs | EVs | Brand K covers various segments from entry-level to mid-range, it offers a variety of models including sedans, SUVs and MPVs. | Mainland China |
| 3. . . | Brand A | Buses | ICE vehicles, EVs and other NEVs | See No. 1 above. | Mainland China |
| 4. . . | Brand H | SUVs | ICE vehicles, EVs and other NEVs | See No. 8 above. | Mainland China |
| 5. . . | Brand L[12] | Sedans | ICE vehicles and EVs | Brand L covers various segments from mid-range to luxury, it offers a variety of models including sedans, SUVs and MPVs. | Mainland China and EU |

*Notes:*

(1) Brand A, founded in 1998, is a well-known brand in the Chinese bus industry.

(2) Brand B, founded in 1995, a leading new energy vehicle manufacturer in China.

(3) Brand C, founded in 1930, is a well-known vehicle manufacturer in China, specializing in the R&D, production and sales of heavy-duty trucks, special-purpose vehicles, buses and other specialized vehicles.

(4) Brand D, founded in 2022, is a well-known vehicle manufacturer in China, specializing in the R&D, production and sales of heavy-duty military off-road vehicles, heavy-duty trucks and heavy-duty axles.

(5) Brand E, founded in 1969, focuses on the systematic deployment of new energy solutions in niche markets such as short-distance resource transportation, sanitation and construction waste/mixing.

(6) Brand F, founded in 2002, focuses on the production of liquid tankers, recovery vehicles, engineering dump trucks and various other specialized vehicle types.

(7) Brand G, became an independent brand since 2019 and focuses on producing safe, reliable, cost-efficient and energy-saving vehicles.

(8) Brand H, founded in 2018, focuses on the SUV market and is dedicated to creating a "Travel+" mobility ecosystem.

(9) Brand I, founded in 2018, focuses on creating high-quality intelligent electric vehicles.

(10) Brand J, founded in 1924, is an international brand with nearly a century of history and focuses on creating high-performance sports sedans.

(11) Brand K, founded in 1993, is a well-known automobile manufacturing enterprise in China, specializing in the R&D and manufacturing of vehicles and automotive powertrains.

(12) Brand L, founded in 1958, focuses on creating high-quality automotive vehicles.

It is our business strategy to foster a diversified customer base—given that many vehicle brands in China are aggressively developing their autonomous driving vehicles and there is no prediction which brands will ultimately succeed, we strategically sell to a wide range of vehicle brands to maximize our own chance of future success. As illustrated by the table above for intelligent driving solutions and the table below in subsection "—Intelligent Cabin Solutions" for intelligent cabin solutions, during the Track Record Period, we mainly supplied intelligent driving solutions to 12 vehicle brands and intelligent cabin solutions to 10 vehicle brands, most of which produced vehicles of different energy types. In addition, we had accumulatively undertaken mass production for 35 OEMs as of the Latest Practicable Date, and the revenue from our five largest customers for 2023 and the six months ended June 30, 2024 only represented 37.0% and 39.8% of our total revenue. Based on the foregoing, the Directors are of the view, and the Joint Sponsors concur, that there is not any undue concentration of revenue generated from sales to any particular vehicle brand or vehicle energy type.

***iRobo Solutions***

Our iRobo solutions support fully autonomous driving in specific areas and operating scenarios, such as industry parks, ports and airports. They are able to handle complex traffic situations such as narrow road encounters, busy intersections and emergency maneuvers around obstacles or vehicles. In addition, our iRobo solutions are capable of environmental perception, trajectory prediction, planning and control, fusion positioning and system calibration.

As of the Latest Practicable Date, our iRobo solutions have undergone extensive real-vehicle road testing. The testing comprises two parts: general testing (conducted by us) and local testing (to be jointly conducted by us and our local customers). Currently, we have completed the general testing stage of iRobo, which mainly included module testing, simulation testing and real-vehicle testing. The general testing stage has validated the technical stability and reliability of iRobo. As iRobo will be deployed in real-world environments (*e.g.*, an industrial park), we expect that our customers (*e.g.*, the transportation operator of an industrial park) and us will jointly conduct the local testing. As of the Latest Practicable Date, we had extensive discussions with several potential customers, and we had been engaged for our first localized project and expect to deliver this project in the first quarter of 2025. Under relevant PRC laws and regulations, L4 autonomous driving transportation operators should obtain relevant regulatory permits, such as the road transportation permit, which may vary across different provinces or cities. For our first localized project, the responsibility for obtaining such permits rests with our local customer instead of us, because our role is limited to supplying hardware and software to our local customer and therefore is not an autonomous driving transportation operator, as advised by our PRC Legal Advisor. We will provide necessary support to our local customer during the permit application process. We expect, and our PRC Legal Advisor concurs, that there are no material legal impediment in obtaining the relevant permits. In addition, we do not anticipate the permit application process to affect the schedule project delivery timeline. The following picture presents our robo-bus under testing that utilizes our iRobo solutions:


**Intelligent Cabin Solutions**

We have commercialized our intelligent cabin solutions since 2019. Our intelligent cabin solutions are designed to enhance the in-cabin experience for both drivers and passengers by providing a safer and more comfortable driving environment, as well as interactive and intelligent functions. Our intelligent cabin solutions center around our DMS solutions, which focus on monitoring driver behaviors with real-time tracking functions, and our OMS solutions, which focus on providing smart and entertainment functions and enhancing in-cabin user experience for both drivers and passengers. Our intelligent cabin solutions are generally delivered in the form of algorithm solutions or software-hardware-integrated solutions. The software-hardware-integrated solutions integrate sensors and hardware components such as SoCs with embedded algorithms.

According to CIC, we are among the first batch of suppliers of DMS solutions in China that successfully supported OEMs in obtaining DDAW certifications for their vehicle models under the EU GSR and we are the first Chinese intelligent cabin solutions provider supporting Chinese OEMs to obtain the E-NCAP five-star rating since its introduction in 2023.


Our intelligent cabin solutions are generally applied in the following in-cabin scenarios:

- *Driver Drowsiness Detection.* Our intelligent cabin solutions are capable of real-time monitoring of multi-dimensional indicators such as the driver's head posture, eyelid opening and closing percentage, gaze direction and blinking frequency to provide timely warnings or prevent dangerous driving behaviors. They have been widely utilized by various vehicle models.

- *Safety Takeover.* Our intelligent cabin solutions can track the driver's gaze and analyze the driver's attention, ensuring the driver can take over the vehicle from the autonomous driving mode in a timely manner.

- *Vital Signs Indicator.* Our intelligent cabin solutions trace and analyze a number of vital indicators to conduct monitoring on the driver's conditions, such as heart rate and breath rate, all of which are achieved through a non-contact approach.

- *Driver Registration.* Our intelligent cabin solutions are able to achieve identity recognition with live detection technologies. The user can register either on a mobile device or on in-cabin camera. As the user approaches the sensor, the in-cabin system can quickly make a real-time judgement and carry out identity recognition, and then automatically activate relevant driving and in-cabin memory functions for the driver, such as seat position setting.

- *Passenger Care.* Our intelligent cabin solutions are designed to provide various care functions for both adults and children passengers by comprehensively analyzing their features. For example, our intelligent cabin solutions consistently monitor the passenger's seat belt and other dangerous behaviors during a journey, providing real-time feedback to the driver. In addition, when a child is detected, the in-cabin system actively triggers the childcare function, continuously monitoring the child's behaviors and alerting the driver if a child is left in the vehicle alone.

- *Interactive Entertainment Experience.* Our intelligent cabin solutions include a number of interactive entertainment functions catering to users across different age groups, such as video games, beauty camera and in-cabin KTV.

Leveraging our proprietary perception algorithms and our extensive experience from intelligent driving solutions that have been validated on a large scale, our in-cabin perception algorithms can adjust our solutions in response to various lighting conditions and head postures and have been optimized for features such as bright and dark pupils and uneven eye sizes. In addition, our in-cabin perception algorithms are able to accurately tell if a driver's gaze falls within over 20 detectable regions inside the cabin, with a high level of precision that allows for a gaze area being as small as 5cm x 5cm and average gaze tracking accuracy within three degrees. Our intelligent cabin solutions have been awarded the "2021 Edge AI and Vision Product of the Year Award" in the intelligent solutions category.

Moreover, our intelligent cabin solutions are highly portable among various CPU and NPU architectures selected by mainstream SoC platforms. Therefore, our solutions can be flexibly compatible with mainstream SoC platforms and applied on the in-cabin systems or the cockpit domain controllers designed by the OEMs' vehicle infotainment, leading to high inference efficiency and low porting costs for both of our OEM customers and ourselves. Meanwhile, benefitting from our software-hardware-integrated design capabilities, our DMS solutions can be tailored to optimize the utilization of computing power to control hardware costs.

Furthermore, our intelligent cabin solutions utilize a variety of human-machine interaction methods to improve the intelligence of interactions, representing strong technical capabilities. From perception perspective, our intelligent cabin solutions go beyond basic eye tracking, gestures and head posture interactions, and have expanded to multimodal fusion approaches, integrating visual and voice interaction to enrich the in-cabin user experience for both drivers and passengers. Our intelligent cabin solutions employ deep learning algorithms to analyze users' personal physical characteristics, such as eye shape and head contour, and progressively refine the solutions' interpretation of user behaviors to enhance user experience. We plan to further improve the capabilities of our intelligent cabin solutions leveraging large-scale AI model technologies.

We initiated our intelligent cabin solution business in 2021. In 2021, 2022 and 2023 and the six months ended June 30, 2023 and 2024, the revenue from our intelligent cabin solutions amounted to RMB0.7 million, RMB1.6 million, RMB18.3 million, RMB4.1 million and RMB30.5 million, respectively, representing 0.4%, 0.6%, 3.8%, 2.5% and 12.9% of our total revenue, respectively. In 2023, the average unit price for our intelligent cabin solutions was approximately RMB565.1. We set pricing of our intelligent cabin solutions by mainly considering: (i) functions included in the delivered solutions and relevant services required by customers; (ii) expected sales volumes of the solutions; and (iii) the expected profitability of the solutions.

In 2023 and the six months ended June 30, 2024, the revenue from our three largest customers of intelligent cabin solution business in the respective year/period in aggregate was RMB16.6 million and RMB24.8 million, respectively, representing 90.6% and 81.3% of our total revenue from intelligent cabin solutions. In the same periods, our largest customer of intelligent cabin solutions business in the respective year/period contributed RMB11.9 million and RMB11.7 million, respectively, representing 64.8% and 38.4% of our total revenue from intelligent cabin solutions.

In 2021, 2022 and 2023 and the six months ended June 30, 2024, we had design wins under development for our intelligent cabin solutions for 4, 17, 31 and 16 vehicle models with 3, 9, 9 and 8 OEMs, respectively, and had undertaken mass production for nil, 3, 10 and 30 vehicle models with nil, 2, 7 and 9 OEMs, respectively.

The following table sets forth details of the main vehicle brands, vehicle types, vehicle energy types, market positioning and major retail locations for which we have achieved mass production or procured design wins of our intelligent cabin solutions during the Track Record Period and up to the Latest Practicable Date:

| No. | Main vehicle brands | Vehicle types | Vehicle energy types | Market positioning | Major retail locations |
|---|---|---|---|---|---|
| 1. . . | Brand M[1] | Sedans and SUVs | ICE vehicles, EVs and other NEVs | Brand M covers the mid-range market, it offers models including sedans and SUVs. | EU, Middle East, Southeast Asia and Hong Kong |
| 2. . . | Brand N[2] | Heavy-duty trucks | Other NEVs | Brand N covers various segments from entry-level to luxury, it offers a range of models including heavy trucks, light trucks, micro trucks, vans and buses. | Mainland China |

| No. | Main vehicle brands | Vehicle types | Vehicle energy types | Market positioning | Major retail locations |
|---|---|---|---|---|---|
| 3. . . | Brand J[3] | Sedans | ICE vehicles and other NEVs | Brand J covers various segments from entry-level to high-end, it offers models including sedans, SUVs and sports cars. | Mainland China, EU, UK and Australia |
| 4. . . | Brand O[4] | SUVs | ICE vehicles | Brand O covers various segments from entry-level to high-end, it offers models including sedans, SUVs and MPVs. | Mainland China |
| 5. . . | Brand P[5] | SUVs | ICE vehicles | Brand P covers various segments from entry-level to mid-range, it offers models including saloons, SUVs and MPVs. | Mainland China |
| 6. . . | Brand L[6] | Sedans | ICE vehicles and EVs | Brand L covers various segments from mid-range to luxury, it offers a variety of models including sedans and SUVs. | Mainland China, UK, Australia, EU, Southeast Asia, Middle East and Middle Asia |
| 7. . . | Brand I[7] | Sedans and SUVs | EVs and other NEVs | Brand I covers various segments from entry-level to mid-range, it offers models including sedans, SUVs and sports cars. | Mainland China |
| 8. . . | Brand Q[8] | Minibuses, MPVs and trucks | ICE vehicles, EVs and other NEVs | Brand Q covers various segments from entry-level to luxury, it offers models including MPVs, SUVs, motorhomes, wide-body light commercial vehicles and pickup trucks. | EU, Australia, UK |

| No. | Main vehicle brands | Vehicle types | Vehicle energy types | Market positioning | Major retail locations |
| --- | --- | --- | --- | --- | --- |
| 9. . . | Brand R[9] | Sedans and SUVs | EVs | Brand R covers various segments from mid-range to luxury, it offers models including SUVs and saloons. | EU |
| 10. . | Brand S[10] | SUVs | EVs and other NEVs | Brand S covers various segments from entry-level to mid-range, it offers models including saloons and SUVs. | Mainland China and Thailand |

*Notes:*

(1) Brand M, founded in 2019, focuses on creating more luxurious, trendier and smarter vehicles.

(2) Brand N, founded in 2014, focuses on the R&D and manufacturing of new energy and intelligent vehicles.

(3) Brand J, founded in 1924, is an international brand with nearly a century of history and focuses on creating high-performance sports sedans.

(4) Brand O, founded in 2006, focuses on creating mid-to-high-end vehicles with international competitiveness.

(5) Brand P, founded in 2006, is dedicated to providing consumers with high-quality and diverse automotive products.

(6) Brand L, founded in 1958, focuses on creating high-quality automotive vehicles.

(7) Brand I, founded in 2018, focuses on creating high-quality intelligent electric vehicles.

(8) Brand Q, founded in 2011, is dedicated to providing a diverse range of automotive products to meet consumers' personalised needs.

(9) Brand R, founded in 2014, is a leading new energy EV brand in China and is dedicated to providing users with high-quality intelligent EV and innovative solutions.

(10) Brand S, founded in 2023, is dedicated to providing users with innovative digital and intelligent mobility solutions.

The following table sets forth our major projects in the intelligent cabin business segment in 2023 and the six months ended June 30, 2024. Our revenue from this business segment was minimal in 2021 and 2022, as we were ramping up our business and did not undertake major projects during these two years.

| Project No. | Customer Background | Solutions provided | Time of Commencement | Time of Completion[(1)] |
|---|---|---|---|---|
| ***For the year ended December 31, 2023*** | | | | |
| Project 1 . . | A limited liability company located in Ningbo, Zhejiang. It specializes in the sales of NEVs. | DMS software-hardware integrated solutions. | November 2021 | Ongoing |
| Project 2 . . | A state-owned limited liability company located in Shanghai. It specializes in R&D, production and sales of automobiles, tractors and motorcycles. | DMS software-hardware integrated solutions. | November 2021 | Ongoing |
| Project 3 . . | A state-owned limited liability company located in Changchun, Jilin. It specializes in R&D, production and sales of automobiles and related components. | DMS software-hardware integrated solutions. | November 2021 | Ongoing |

| Project No. | Customer Background | Solutions provided | Time of Commencement | Time of Completion[(1)] |
|---|---|---|---|---|
| *For the six months ended June 30, 2024* | | | | |
| Project 2 . . | A state-owned limited liability company located in Shanghai. It specializes in R&D, production and sales of automobiles, tractors and motorcycles. | DMS software-hardware integrated solutions. | November 2021 | Ongoing |
| Project 4 . . | A limited liability company located in Shenzhen. It specializes in the development and manufacturing of electronic components and systems. | Intelligent algorithm hardware platform. | January 2024 | Ongoing |
| Project 5 . . | A limited liability company located in Hangzhou, China. It focuses on the development and manufacturing of automobiles. | DMS software-hardware integrated solutions. | December 2021 | Ongoing |

*Note:*

(1) The design-win agreements with OEM customers typically stipulate that such OEM customers will purchase from us over a span of three to five years, which is in line with industry practice, according to CIC. OEM customers do not place all orders at once; instead, they place orders periodically according to the mass production schedule of the relevant vehicles.

**Vehicle Infrastructure Cooperative System**

Ongoing technology advancements and growing customer desire for safer and better intelligent driving experiences are fueling the progress of the automotive intelligence. We are at the forefront of the development of individual vehicle intelligence, with a keen focus on enhancing the driving experience and passenger comfort through intelligent driving and cabin solutions. Meanwhile, the development of vehicle infrastructure cooperative systems is integral to the automotive intelligence. As such, our commitment to technological advancement extends beyond the development of individual vehicle intelligence itself. In response to the development of intelligent transportation infrastructure and smart cities, we have entered into broadened application scenarios and new markets by offering solutions in relation to vehicle infrastructure cooperative systems. With the intelligent collaborations among the on-board devices of individual vehicle intelligence and the roadside devices of vehicle infrastructure cooperative system, we have been promoting vehicle-to-infrastructure connectivity, and we are committed to achieving further commercialization in this sector.

We established our vehicle infrastructure cooperative system business in 2020. Our vehicle infrastructure cooperative systems integrate perception devices, such as radars and cameras, with V2X communication technology and our in-house developed algorithm structures, thereby enhancing road safety and traffic efficiency. Our collaboration typically involves customers in the transportation infrastructure sector. We also assist customers to manage traffic flow in industry parks and operate parking lots and roadside parking space, enabling precise management of these premises. Specifically:

- The on-board systems employ devices including radars, cameras and human-machine interfaces and our in-house developed algorithm structures, designed to exchange traffic information with other vehicles, the transportation infrastructure and the public management platform (for example, the traffic flow monitoring platform operated by the transportation authority of local governments).

- Roadside systems are designed to automatically gather real-time data on vehicle operations and road conditions with perception devices and algorithms, providing real-time driving guidances and traffic directives via traffic lights or display screens, so as to promote vehicle-to-infrastructure connectivity.

- The vehicle infrastructure cooperative management platform receives and processes information from on-board and roadside systems to analyze real-time traffic information and optimize traffic management.

Among the three components above, we provide one or more components according to local customers' needs and also provide customization and integration services as requested. Leveraging advanced perception devices, V2X communication technology and our in-house developed algorithm structures, our vehicle infrastructure cooperative systems currently have been applied in the following scenarios.

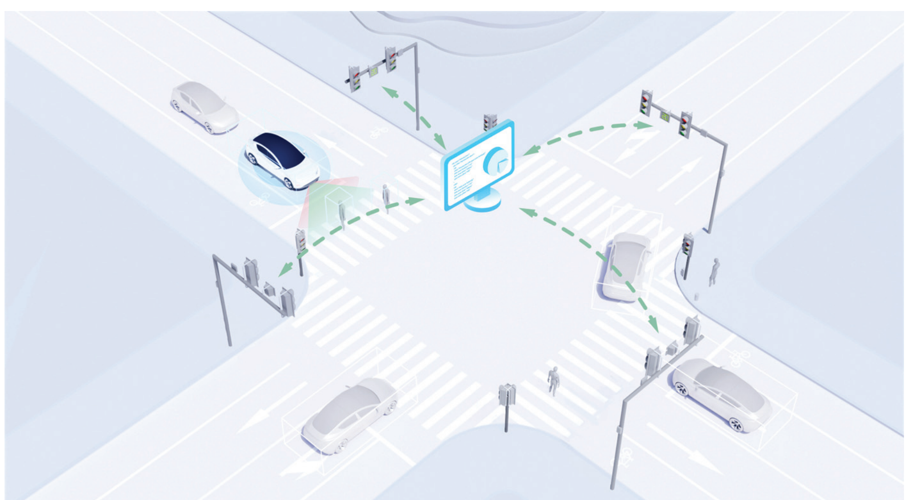
***Highway and Intersection Management***

We collaborate with customers in the transportation infrastructure sector to provide perception devices and real-time data exchange technologies, thereby enhancing road safety and traffic efficiency. Our vehicle infrastructure cooperative systems support the automatic monitoring and analysis of traffic conditions at highway and intersection and are able to generate traffic management plans based on real-time data feedback.

The key applications of our highway and intersection management include:

- *Traffic flow optimization*. Automatically identifying traffic congestion supported by the roadside systems, performing real-time diagnosis of anomalies and providing assistance for efficient traffic flow management by operating traffic signals.

- *Traffic condition information analysis*. Automatically extracting and digitalizing traffic information such as traffic flows, queue length, vehicle distance and overflow time at intersections, and producing traffic condition evaluation through our in-house developed perception algorithms.



***Industry Parks & Parking Space Management***

Our vehicle infrastructure cooperative systems are capable of providing assistances to the management over traffic flows in industry parks and operations of parking lots and roadside parking space.

- For industrial park scenarios, our vehicle infrastructure cooperative systems adopt 3D model technology to form a digitalized map of the traffic facilities in an industrial park to monitor and analyze traffic flows in real time in order to improve the traffic management.

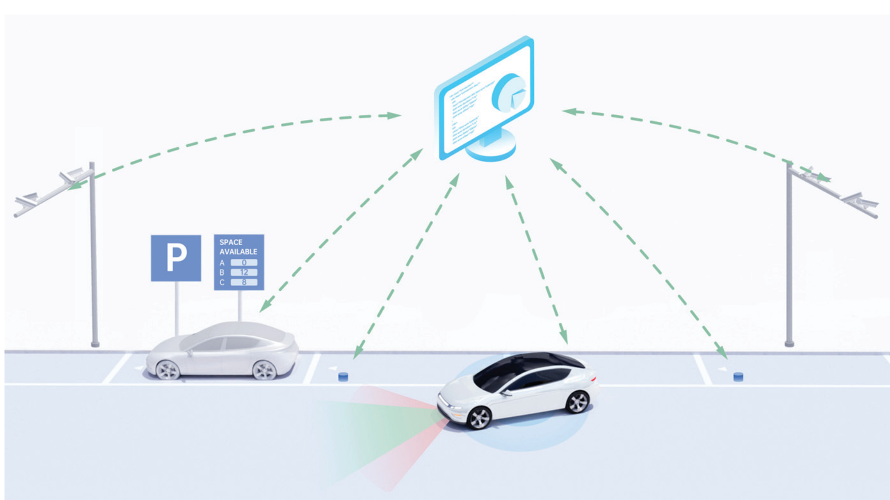
- For parking lots or roadside parking scenarios, with our vehicle infrastructure cooperative systems, our customers are able to: (i) record the vehicles that enter, occupy or exit the parking space in real time supported by the roadside systems, (ii) present real-time vehicle park occupancy status, and (iii) provide online payment functions to improve operational efficiency.

The following table sets forth the backlog movement in the vehicle infrastructure cooperative system business segment during the Track Record Period and up to the Latest Practicable Date:

| | Number of Projects | | | |
|---|---|---|---|---|
| | At the Beginning of the Year/Period | Newly Engaged Projects[(1)] | Completed Projects | At the End of the Year/Period |
| 2021 . . . . . . . . . . . . . . . | 0 | 2 | 0 | 2 |
| 2022 . . . . . . . . . . . . . . . | 2 | 12 | 1 | 13 |
| 2023 . . . . . . . . . . . . . . . | 13 | 28 | 32 | 9 |
| Since January 1, 2024 and up to the Latest Practicable Date . . . . . | 9 | 25 | 15 | 19 |

*Note:*

(1) The contract sum for newly engaged projects in 2021, 2022, 2023 and since January 1, 2024 and up to the Latest Practicable Date was RMB19.8 million, RMB55.6 million, RMB38.8 million and RMB30.0 million, respectively.



During the Track Record Period and up to the Latest Practicable Date, we had participated in 21 typical vehicle infrastructure cooperative system projects in China. During the Track Record Period and up to the Latest Practicable Date, we had been approached by potential customers from time to time to discuss the possibility of undertaking vehicle infrastructure cooperative system projects or sometimes been invited to participate in bidding processes for such projects. These potential customers include both state-owned companies, listed companies and private companies.

We have established a comprehensive workflow process for our vehicle infrastructure cooperative system business:

- Analysis: We gather detailed information to gain a thorough understanding and evaluation of the customer's specific needs, based on which we provide technical consultations and prepare proposed solutions.

- Procurement and R&D: Once designated to provide the proposed solutions, we initiate development work in accordance with our strategic plan. We continuously test and refine the solutions to ensure they meet customer requirements and expectations.

- Delivery: We deploy the solutions as requested by our customer. We conduct comprehensive training for the customer's operational personnel, equipping them with the knowledge to effectively utilize and maintain the solution.

- After-sales service: We continue to offer technical support and perform solution inspections and maintenance within the warranty period to ensure optimal performance. We also engage in ongoing communication with the client through regular visits, addressing concerns and gathering feedback for future enhancements.

The typical salient terms of our agreements with customers for vehicle infrastructure cooperative system are set forth below:

- Specifications: The specification, quantity, price, delivery timeline and other detailed items are specified.

- Payments: Our contracts generally provide for payment in several installments, each paid subject to contract and delivery progress.

- Delivery: We are required to deliver solutions within a specified period. Customers usually conduct acceptance inspections after delivery. Depending on the specific nature of the project, the duration of our vehicle infrastructure cooperative system project generally spans from three months to 18 months.

- Intellectual property: The ownership of intellectual property arising from the projects will generally be defined in the agreements.

- Warranty period: We typically grant a warranty period of one to three years from the date of formal acceptance of our solutions. We also provide technical support during this period.

- Confidentiality: Generally, all confidential information provided by either party shall be used solely for cooperation purposes pursuant to the agreements and shall not be disclosed to any third party without prior consent.

- Liability for breach of contract: We are responsible for delays in delivery or quality problems with our solutions, while customers are responsible for delays in payments.

We established our vehicle infrastructure cooperative systems business in 2020. We initiated to participate in vehicle infrastructure cooperative system projects in 2022, and since then our vehicle infrastructure cooperative system business experienced significant development. We obtained seven, six and eight new typical vehicle infrastructure cooperative system projects in 2022 and 2023 and during the period since January 1, 2024 and up to the Latest Practicable Date, respectively. In 2022 and 2023 and the six months ended June 30, 2024, revenue from this segment amounted to RMB0.7 million, RMB71.5 million and RMB23.6 million, respectively, representing 0.3%, 15.0% and 10.0% of our total revenue, respectively. We set pricing for our vehicle infrastructure cooperative system by mainly considering the project complexity, estimated costs and resource invested.

In 2023, the revenue from our major customers (the four largest customers for the year) of vehicle infrastructure cooperative system business in aggregate was RMB60.2 million, representing 84.2% of our total revenue from this business segment. In the six months ended June 30, 2024, the revenue from our major customers (the three largest customers for the period) of vehicle infrastructure cooperative system business in aggregate was RMB23.4 million, representing 99.2% of our total revenue from this business segment of the same period. In the same periods, our largest customer of vehicle infrastructure cooperative system business contributed RMB19.6 million and RMB15.7 million, representing 27.4% and 66.5% of our total revenue from this business segment, respectively. Our vehicle infrastructure cooperative systems offer intelligent functions for our customers. For example, in 2023, we developed a solution based on intelligent transportation and smart highways and provided traffic flow control and volume analysis for a smart industrial park.

The following table sets forth our major projects in the vehicle infrastructure cooperative system business segment in 2023 and the six months ended June 30, 2024. Our revenue from this business segment was nil or minimal in 2021 and 2022, as we were ramping up our business and did not undertake major projects during these two years.

| Project No. | Customer Background | Solutions provided | Project Locations | Time of Commencement | Time of Completion |
|---|---|---|---|---|---|
| *For the year ended December 31, 2023* | | | | | |
| Project 1 . . . | A state-owned limited liability company located in Jinan, Shandong. It specializes in the technical service, R&D, consultation. | (i) a comprehensive visual solution for parking space management and smart parking solutions for static traffic, and (ii) a solution based on intelligent transportation and smart highways | (i) Wuhan, Hubei Province; (ii) Xining, Qinghai Province; (iii) Ulanqab City, Inner Mongolia Autonomous Region | July 2022 | December 2023 |
| Project 2 . . . | A joint-stock limited company located in Nanjing, Jiangsu. It specializes in construction engineering design and building intelligence system design. | Various projects implemented in several cities, including intelligent inland port smart control system, intelligent berthing system for shipping port, smart parking platform development or upgrades, intelligent transportation information management integration system for highway and toll station | Various cities in Jiangsu Province, Chongqing and Inner Mongolia Autonomous Region | September 2021 | December 2023 |
| Project 3 . . . | A limited liability company located in Changsha, Hunan. It specializes in software technology services, information technology consulting services and information technology integration system services. | The traffic flow control mechanism design for a smart industrial park; and the corresponding traffic volume analysis | Changsha, Hunan Province | June 2022 | June 2023 |

| Project No. | Customer Background | Solutions provided | Project Locations | Time of Commencement | Time of Completion |
|---|---|---|---|---|---|
| Project 4 . . . | A limited liability company located in Zhuzhou, Hunan. It specializes in internet information services and information system integration services. In particular, it engages in the design, operation and maintenance of car park management systems, and provides consulting services for the design of car parks. | A comprehensive visual solution for parking space management and smart parking solutions for static traffic | Zhuzhou, Hunan Province | March 2022 | October 2023 |
| ***For the six months ended June 30, 2024*** | | | | | |
| Project 5 . . . | A limited liability located in Guangzhou, Guangdong. It specialized in computer wholesale, software wholesale and computer parts retail. | A comprehensive visual solution for parking space management and smart parking solutions for static traffic | Zhuzhou, Hunan Province | October 2021 | May 2024 |
| Project 6 . . . | A limited liability company located in Nanjing, Jiangsu. It specialize in software R&D and consultations. | Intelligent IoT Information Management System | Nanjing, Jiangsu Province | September 2023 | June 2024 |

## OUR TECHNOLOGIES

### Core Advantages

Our technologies possess the following core advantages that allow us to achieve commercialization efficiently. These advantages are realized through our in-house R&D capabilities, which span across our core algorithms, hardware design and validation, middleware and comprehensive toolchains.

- ***In-house Developed Algorithms.*** Our in-house developed core algorithms encompass the four main intelligent driving modules, i.e. perception, fusion, mapping and localization and planning and control. Our in-house R&D capabilities enable us to quickly respond to market changes, strengthen customer cooperation and enhance our industry leadership. Through multiple iterations, we can offer short development cycles, high R&D efficiency and rapid responsiveness to downstream needs with cost-effectiveness and competitiveness, obtaining recognition from customers.

- ***Compatible and Portable Technologies.*** Our algorithms and middleware can be flexibly embedded on mainstream SoC platforms, ensuring a high level of reusability across various vehicle models. Such compatible and portable design capabilities reduce the need to develop separate algorithms and middleware from scratch for each project, leading to streamlined process and cost savings during development. We have successfully deployed our iSafety solutions, iPilot solutions and intelligent cabin solutions on various mainstream SoC platforms for multiple series of vehicle models with high R&D efficiency and cost-effectiveness. By optimizing the neural network architecture, we also improve the performance of our algorithms for our intelligent cabin solutions and achieve high compatibility with various SoC platforms.

- ***Software-Hardware-Integrated Design Capabilities.*** Our software-hardware-integrated design capabilities enable us to concurrently develop software and hardware with a full-picture understanding throughout the whole R&D project. By aligning hardware with ECUs or domain controllers of the appropriate computing power and bandwidth, we can make the best use of selected hardware and avoid retrofitting algorithms to pre-designed software and hardware. By enhancing the synergy among algorithms, embedded software, sensors, ECUs and domain controllers, we also improve the compatibility, stability and overall performance of our solutions. By tailoring software in accordance with the pre-selected hardware combinations, we have established a seamless hardware-to-software development system. We have been able to secure OEM customers by providing one-stop solutions to them, while reducing their dependency on other external parties along the industry value chain.

**In-house Developed Core Algorithms**

***Perception Technology***

Our in-house developed perception technology is able to run with low computing power consumption and making the best use of the hardware, enabling us to achieve diverse functionalities with cost-effectiveness. For example, our iSafety solutions with warning functionalities requires only 0.55 TOPS of computing power and our iPilot 2 with integrated driving and parking functions requires only 5 TOPS of computing power. Our iPilot 3 is able to achieve advanced functions including HNOA and HAVP with only 32 TOPS of computing power, representing our leading position in algorithm development.

Our in-house developed perception technology also uses emerging technologies to perceive the surrounding environment and driver status, such as monocular 3D neural networks, BEV neural networks, occupancy networks and recognition technology for our intelligent cabin solutions. For example, our perception technology can recognize dozens of vehicle models and nearly 300 types of traffic signs, as well as various uncommon targets such as barriers, garbage bins or construction barriers. Our BEV technology is not only able to detect obstacles around the vehicle with a 360-degree view, but is also capable of recognizing the structure of the roads, enabling us to achieve HD-mapless perception-driven NOA. Our perception technology can detect targets located more than 200 meters away and perform precise ranging with a relative error of less than 5%. Our gaze tracking technology can determine the driver's observation direction with an error of less than three degrees. Our fatigue detection technology has supported OEMs in obtaining DDAW certifications for their vehicle models under EU GSR.

***Multi-sensor Fusion Technology***

Our multi-sensor fusion technology features low computing power consumption. This cost-effectiveness enables high compatibility of our fusion technology with different platforms ranging from MCUs with low computing power and SoCs with high computing power.

Our multi-sensor fusion technology adopts a highly adaptable platform-based design. For example, the same set of fusion algorithm can be applied on both the 1V1R system (a single vision solution with a radar) of our iSafety 1 and the 7V5R system (seven vision solutions with five radars) of our iPilot 4. The high reusability of our algorithms saves the time required for developers to develop algorithms for different projects and reduces the costs for solutions iteration and maintenance.

***Mapping and Localization Technology***

Our mapping and localization technology incorporates advanced algorithms analysing information from multiple sources, enabling precise localization even in challenging weather and GPS signal conditions and enhancing the navigation experience for drivers. Our mapping and localization technology has undergone rigorous testing and has been validated through mass production. Specifically, our positioning algorithms demonstrate consistent navigation accuracy in tunnels exceeding a length of two kilometers, without experiencing any issues such as location deviation or reduced functionality.

Our mapping and localization technology supports advanced features like memory driving assistant and HAVP in large parking lots that involve an intelligent driving distance over two kilometers. Through integrating sophisticated deep learning algorithms, our technology is capable of mapping intricate elements within the traffic environment, such as lane lines, zebra crossings, parking space lines, traffic signs, traffic lights, parking lot barriers, pillars and speed bumps.

***Planning and Control Technology***

Our in-house developed planning and control technology has been rigorously tested and has demonstrated reliability and safety on various vehicle models. Our planning and control technology has facilitated a number of vehicle models obtaining C-NCAP five-star ratings. In addition, we have not received any complaints regarding our AEB due to false braking incidents during the extensive testing projects by our OEMs.

Our in-house developed planning and control technology adopts a platform-based design, with the algorithm architecture divided into three layers: (i) the objective estimation layer focusing on reconstructing the environment by analyzing data generated by sensors; (ii) the subjective interaction layer focusing on making decisions based on information collected from the driving environment; and (iii) the stable execution layer ensuring precise control and tracking. Each layer of the algorithms can be tailored according to different hardware computing power. This flexible and portable feature therefore allows the same planning and control algorithm to be applied across our iSafety solutions and iPilot solutions, reducing the costs for re-development and algorithm maintenance.

We also keep our in-house developed planning and control technology in pace with emerging technologies in the automotive intelligence solutions industry. For example, in the development of our iRobo solutions, we have incorporated trajectory prediction neural networks, machine learning-based motion planning and planning neural network. These data-driven technologies enable us to continually upgrade our solutions to cover broader scenarios and handle more complex driving environments.

**Hardware Design and Validation Capabilities**

Leveraging our capabilities in electronic design, structural design, optical calibration and production automation, our hardware technology team can customize our hardware design to accommodate development requirements of our customers. Through signal simulation, thermal and mechanical simulation, optical deviation analysis and image IQ tuning, we can perform comprehensive analysis and optimization when developing our solutions.

Capable of validating our designs at our own laboratories for electronic, structural, optical and reliability testing, we have obtained development process certifications from leading OEMs in relation to design verification experiments, enabling us to support our OEMs in developing more advanced and customized solutions that meet stringent safety requirements.

Capitalizing on our compatible hardware design and validation capabilities, our hardware has successfully achieved compatibility with mainstream SoC platforms and over 100 camera models, and our hardware solutions have covered applications in areas such as ADAS, DMS, BSD and AVM.

**Middleware In-house Development Capabilities**

Our in-house developed middleware is a set of software frameworks that reside between upper-level software applications and lower-level operating systems. It serves as a platform for managing, allocating and scheduling software and hardware resources. The decoupling of software and hardware allows for compatibility with mainstream SoC platforms, enhancing the adaptability of our solutions to different vehicle models.

Our in-house developed middleware also optimizes the utilization of hardware computing power and manages the bandwidth usage within the intelligent driving system. By efficiently allocating and managing these resources, the middleware significantly reduces the overall consumption of computing power. This ensures that the system operates efficiently and reduces the strain on hardware resources, allowing for improved performance and responsiveness. Developers can leverage our middleware without extensive re-engineering, thereby achieving cost-effectiveness in solutions development and iteration.

Based on our middleware, we have developed integrated domain controllers for intelligent driving and parking functions with relatively low computing power consumption. These in-house developed domain controllers offer cost-effective solutions to our customers, and have entered into mass production.

**Comprehensive In-house Developed Toolchains**

Our comprehensive in-house developed toolchains span across neural network design, algorithm integration and algorithm performance testing. Our toolchains not only enhance the quality of solutions development and iteration, but also allow us to save time and costs in commercializing our solutions.

***Neural Network Acceleration and Deployment Tools***

We have developed proprietary R&D tools for optimizing neural networks, covering application in both software and hardware.

For hardware, we develop HardNet, an inference framework, to overcome the efficiency constraints of CPU-based neural network processing through parallel computing. For example, for ADAS functions which often require significant computing power for neural network computations, HardNet can load the neural network computations to a dedicated hardware module and facilitate efficient neural network processing. This optimization allows low-computing-power hardware to handle complex neural network tasks effectively, improving the overall performance.

For software, we use ThiNet, a neural network compression architecture, to streamline the neural network structure and improve the overall efficiency. ThiNet is designed to address the challenge of model size and computational efficiency. It achieves model compression, making the models approximately 16 times smaller compared to their original size, while ensuring that performance is unaffected. We employ miniDNN on embedded devices to accelerate neural network inference speed. Our miniDNN optimizes dense computations in neural networks and enables multiple instructions to be responded to in parallel and improving cache utilization efficiency. In terms of neural network acceleration, our miniDNN representing industry-leading position enables us to achieve better functionality and performance even on platforms with limited computing power.

### *R&D Testing Tools*

Our in-house developed playback tools support our software-hardware-integrated design process and allow us to test our solutions without interrupting the operation of the device. Testing data can be replayed into our domain controllers to replicate experimental results and simulate real-world driving scenarios, leading to cost savings and enhanced development efficiency.

In addition, we have in-house developed simulation testing tools for various driving conditions and scenarios. Our simulation testing tools are extensively applied in the testing of our domain controller projects, especially in the early stages of the projects, allowing us to simulate challenging scenarios such as AEB testing and parking scenarios. By developing our in-house simulation testing tools, we not only save development costs, but also ensure high accuracy of simulation for the sensor arrays in our solutions, thus improving the quality and efficiency of our R&D activities.

## RESEARCH AND DEVELOPMENT

Our passion for innovation coupled with our strong R&D capabilities have allowed us to remain competitive in the industry. Our team of engineers forms the foundation for our R&D competitiveness. Our R&D team collaborates with our production and supply chain teams in order to continually optimize and improve manufacturing processes and supply chain management. In 2021, 2022 and 2023 and the six months ended June 30, 2023 and 2024, we recorded R&D expenses of RMB82.2 million, RMB139.3 million, RMB149.8 million, RMB81.4 million and RMB63.3 million, respectively.

### R&D Team

As of June 30, 2024, our R&D team comprised 304 employees, representing 61.3% of our total employees, including professionals graduating from top-tier domestic and overseas universities, specializing in various disciplines. As of June 30, 2024, among our R&D specialists, 53.9% held a bachelor's degree and 28.9% held a master's degree or above. In addition, we have instituted a thorough internal talent development mechanism, including regular training and an R&D knowledge-sharing mechanism for employees at all levels.

As of the Latest Practicable Date, we had five R&D centers strategically located in Shenzhen, Beijing, Shanghai, Wuhan and Nanjing. While our Shenzhen headquarters serve as the core of our R&D efforts, by coordinating the work of other centers and housing a diverse team of professionals, other centers are dedicated to certain aspects of our R&D activities: (i) our Beijing R&D center focuses on the R&D of algorithms, building and optimizing the models we use in our production processes; (ii) our Shanghai R&D center focuses on collaborations with various OEMs in Eastern China and the R&D of planning and control technologies; (iii) our Wuhan R&D center specializes in the R&D of our vehicle parking and fusion positioning technologies; and (iv) our Nanjing R&D center is responsible for data analysis.

We engage in strategic R&D collaborations with certain customers, suppliers and academic institutions, empowering us to gain deep insights into industry trends and keep up with latest technologies. For example, we have established partnerships with leading universities in China and a number of academic institutions to conduct algorithm development.

**R&D Process**

We have established a comprehensive R&D process consisting of various stages as follows:

- *Market Analysis Stage*. We aim to keep up with the market trends and explore potential market opportunities, which provides a long-term business perspective and ensures that our R&D efforts are aligned with our broader goals. At the first stage, we primarily focus on solutions research, such as developing proof-of-concept prototypes and exploring the feasibility of new concept intelligent driving solutions beyond our existing solutions. Once we identify a potential market opportunity, we set a clear R&D direction to effectively allocate our R&D resources.

- *Internal Pre-research Stage*. Once an R&D direction is confirmed, our R&D team conducts internal pre-research and engages in preliminary research and feasibility studies for potential solutions. At this stage, we also evaluate such concept from various perspectives, including technical capabilities, estimated costs and profitability and availability of raw materials and components.

- *Development Stage*. Our R&D team works with our sales and marketing team to understand customers' needs and prepare R&D plans pursuant to their specifications, ensuring that our solutions are able to meet our customers' requirements.

- *Project Execution Stage*. Following customer confirmation and validation, we formally establish the development project. This stage is characterized by customized R&D activities, tailored based on the requirements and feedback of our customers. In addition, we conduct verification and validation work to test our work. We do not charge our customers for our development activities.

- *Mass Production Stage*. We conduct quality control measures on our solutions under mass production. In addition, our R&D team regularly collects feedback from our customers and the market to upgrade our solutions in a timely manner.

- *After-Sales Stage*. We continue to track the performance of our solutions and closely work with our customers to resolve any issues that arise during the use of our solutions.

To ensure that our solutions integrate and adapt with other components and/or systems of the vehicles, we have implemented the following measures during the R&D process:

- We develop customized algorithms and functional modules based on the specific vehicle model requirements, technical specifications, installation requirements and deployment conditions of specific vehicle models.

- We customize our product's network architecture, communication protocols and signal quantities based on the vehicle model's network architecture, network topology and communication matrix.

- We tailor the various protocol modules of our solutions in line with the vehicle model's offline calibration scheme, after-sales calibration plan and OTA upgrade schemes or standards.

- We customize our hardware to meet the requirements for signal communication and interaction based on the specific cameras, sensors, radars and other various components and/or systems on the vehicle models.

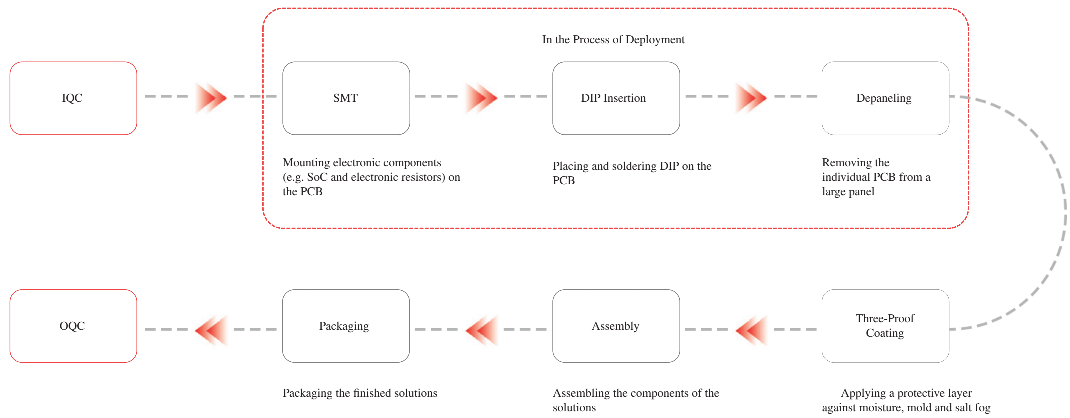
- We ensure that all indicators of the product meet the customer's standard requirements in accordance with the customer's standards or referenced national/international standards.

- We tailor our solutions to meet the regulatory requirements of specific sales regions based on the target customers or target markets.

## OUR PRODUCTION

Our production process is designed to promote high standards of quality while simultaneously providing the agility to expedite production to meet customers' demands in a timely manner. Our mass production capabilities and strict quality control measures enable us to ensure the high performance and reliability of our solutions.

We are committed to the continual development of production process techniques to enhance our production capabilities and to accelerate the automation and digitalization of our production lines. The diagram below illustrates key steps of our production process:




- SMT: With SMT line, we mount a variety of electronic components, such as SoCs and resistors, onto the PCB. This process ensures precise component placement and secure soldering, creating a reliable foundation for the intelligent driving solutions.

- DIP Insertion: We insert electronic components with wire leads, such as connectors and larger-sized capacitors, into pre-drilled holes on the PCB. The components are then soldered on the opposite side of the board, establishing robust electrical connections.

- Depaneling: After the PCB is completed, we use specialized equipment to remove the edges of the entire PCB board to ensure that each PCB is intact and fully functional.

- Three-proof Coating: We coat our solutions with a protective layer as a barrier against moisture, mold and salt fog, improving their durability and reliability.

- Assembly: We integrate various components, including the PCB assembly, camera modules, connectors and other mechanical parts, to form the core body of the intelligent driving solutions.

- Packaging: The finished intelligent driving solutions are packaged together and transported to the warehouses for storage.

During the Track Record Period, to enhance the quality and cost-effectiveness of our production, we commenced production at our Bao'an Production Base in July 2022, which has a gross floor area of approximately 2,500 square meters and covers the production processes of three-proof coating, assembly and packaging. Its design annual production capacity is approximately 377,400 units. In July 2022, we gradually put our semi-automatic production lines into operation at Bao'an production lines. During this initial ramp-up period, the production volume reached approximately 55,000 units, resulting in a utilization rate of 34.2% for 2022. In 2023 and the six months ended June 30, 2024, the production volume of our Bao'an Production Base was approximately 212,200 units and 93,300 units, respectively, and the utilization rate was 56.2% and 53.5%, respectively. The production utilization rate at our Bao'an Production Base was relatively low, mainly because most of our solutions delivered in the form of hardware were mainly manufactured by our contract manufacturers during the Track Record Period and we were generally not allowed to change the production sites without relevant customers' consents. Many of our customers maintain stringent standards for production consistency and are cautious about permitting changes to established production processes. Currently, our Bao'an Production Base primarily focuses on the final three production stages: three-proof coating, assembly and packaging. Before reducing our reliance on contract manufacturing, we intend to invite our customers to conduct comprehensive testing and verification of our enhanced production processes. This approach aims to ensure that our expanded in-house production meets our customers' exacting quality and consistency requirements. Our solutions would further shift from production by contract manufacturers towards our in-house production after we gradually obtaining consents from relevant customers and the utilization rate of our production base is expected to increase in line with our business expansion.

Constructed in compliance with stringent standards, our production workshops, incoming raw material inspection room and electronic component warehouse in our production facilities are designed to ensure the optimal performance and longevity of our sensitive electronic components. Our Bao'an Production Base offers a dust-free and stable environment with temperature and humidity control systems to safeguard against the potential adverse effects of dust, moisture and temperature fluctuations on both the materials and the sophisticated equipment used during assembly. In addition, we have also utilized visual dashboards to monitor key production data including material inflow and outflow, consumption, yield, equipment status and efficiency in real time, facilitating production control and resource allocation and enhancing intelligent production.

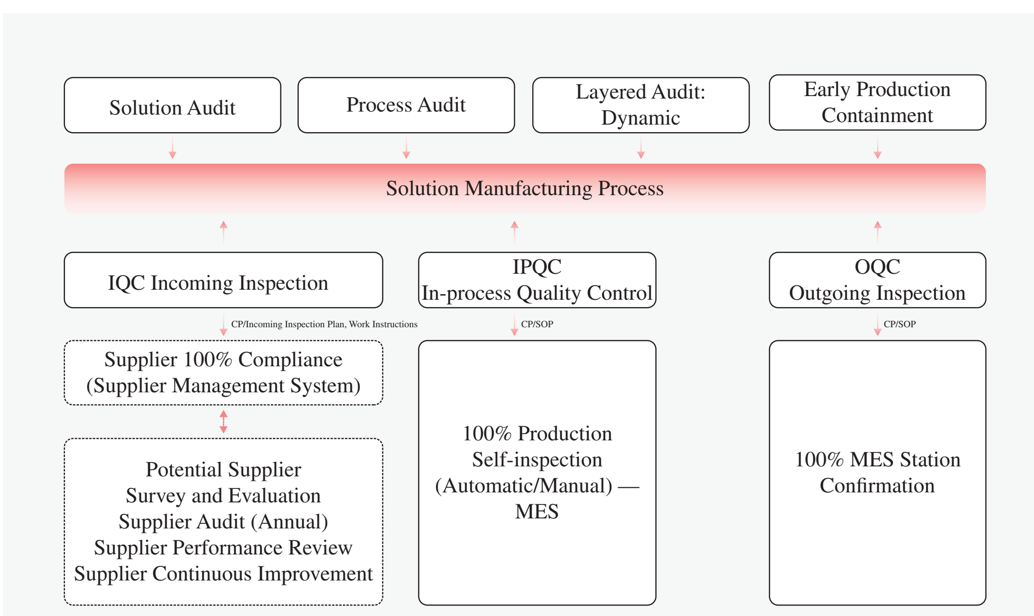
We are committed to improving our production technologies and production management capabilities, and enhancing the automation and digitalization of our production lines. In order to meet the increasing production needs based on the additional SOPs that we have obtained, and to further enhance our control over the entire production process, we have established our Guangzhou Production Base. We commenced production at our Guangzhou Production Base in the third quarter of 2024. Our Guangzhou Production Base has a total gross floor area of approximately 3,400 square meters, which allows us to expand our in-house production to the production processes of SMT, DIP insertion and depaneling. The expected annual production capacity of our Guangzhou Production Base is approximately 878,400 units.

The proportion of our products manufactured in-house was nil, 13.5%, 24.4% and 21.0% in 2021, 2022, 2023 and the six months ended June 30, 2024, respectively. The remainder of the products were manufactured by our contract manufacturers. With the recent commencement of production of our Guangzhou Production Base, along with our established Bao'an Production Base, we are able to further enhance our control over the entire production process and increase operating efficiency. We expect to achieve full in-house production by 2026.

**Quality Control**

We are committed to providing our customers with high-performance solutions with consistent quality and reliability. We use the MES system to identify production abnormalities and monitor the operating status of our equipment. As we highly value the quality of our solutions, the safety of our employees and environmental protection in the course of our manufacturing process, we have obtained a series of certifications, including ISO 9001 for quality control, ISO 45001 for occupational health and safety management and ISO 14001 for environmental management. We also have obtained ISO 26262, ISO 21434, ASPICE Level 2 and IATF16949 certification for our quality management system.

As of June 30, 2024, we had a dedicated quality control team of 20 employees with expertise in quality control who are responsible for the overall quality management of our production process. In addition, we also engage external professional institutions to conduct quality tests to ensure our quality standards. With our strict quality control measures, we believe that we are able to produce high-quality solutions that cater to evolving market and customer demands.



During the production process, we have conducted continuous audits and management: (i) the solution audit ensures ongoing consistency and compliance of our solutions with the design scheme during mass production; (ii) process audit provides on-site evaluation for the consistency and compliance of the specific implementation of the production process during mass production; (iii) we also organize personnel at various levels to conduct on-site evaluations of the standardization in the production process according to a plan and at a certain frequency, thereby achieving dynamic layered audit; and (iv) we perform the inspection of the solutions from the customer's perspective after the production.

We rigorously implement IQC, IPQC and OQC. We have implemented a comprehensive supplier management system that defines the admission of suppliers, management of qualified suppliers and termination of unqualified suppliers to ensure the efficiency of our supplier management. See "—Our Suppliers—Supply of Raw Materials and Components—Selection and Engagement of Suppliers." We conduct automatic or manual tests for solutions' appearance and functionality based on their characteristics after the production. The entire production process utilizes an automated information traceability system to achieve tracking records of raw material information, production processes, test parameters and results and product delivery. Leveraging our MES system, the process from raw material input to product output is marked according to different stages of the production process. The sequence of each production stage is recorded to ensure the compliance of the product manufacturing process.

**Contract Manufacturing**

During the Track Record Period, certain production processes were performed by our contract manufacturers. In 2021, 2022 and 2023 and the six months ended June 30, 2024, we engaged two, five, four and four contract manufacturers, respectively. Before our Bao'an Production Base was put into operation in July 2022, our contract manufacturers were responsible for the production of our solutions delivered in the form of hardware. After our Bao'an Production Base was put into operation in July 2022, we have been able to handle the production processes of three-proof coating, assembly and packaging for some of our solutions. In 2021, 2022 and 2023 and the six months ended June 30, 2024, nil, 13.5%, 24.4% and 21.0% of our solutions delivered in the form of hardware were produced by our own production base, respectively, and the rest were manufactured by our contract manufacturers. During the Track Record Period, we have steadily increased our in-house production capacity. This growth was supported by the gradual implementation of our semi-automated production lines at our Bao'an Production Base, which began operations in July 2022. As of the Latest Practicable Date, none of our contract manufacturers had any past or present relationships with our Company or its subsidiaries, their respective directors, shareholders or senior management members, or any of their respective associates. Our contract manufacturers or other suppliers had not been involved in building the algorithms of our products as of the Latest Practicable Date.

To uphold the standards of quality and to ensure adherence to our stringent requirements, we have implemented rigorous oversight mechanisms for our contract manufacturing. Our dedicated personnel are stationed at the production sites, generally conducting inspections every four hours and ensuring all production processes and staff are in compliance with our standards. Our execution engineers are responsible for conducting daily reviews of the production process to ensure that the production techniques meet our standards.

We usually enter into framework agreements with our contract manufacturers, which set out the general terms and conditions of cooperation. We then issue separate purchase orders. The salient terms of our agreements with our contract manufacturers are set forth below:

- *Production order and forecast.* We provide a one-month order and a three-month rolling forecast to contract manufacturers each month for their preparation of production schedules.

- *Payment and delivery.* We are generally required to settle payments within 60 days after receipt of invoice. The contract manufacturers are responsible for delivery of products as required by us.

- *Solutions inspection.* We generally have 15 business days upon receipt of solutions to inspect the delivered solutions and confirm whether there are any deviations from our specifications, quantity or other manufacturing requirements.

- *Warranty*. The contract manufacturers warrant that all solutions will adhere to our specifications in all material respects. Such warranty shall remain in effect for three to five years from acceptance, and the contract manufacturers are required to replace any defective solution in breach of such warranty.

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

- *Duration*. The duration of the agreements are generally three years.

## LOGISTICS AND INVENTORY MANAGEMENT

Generally, we engage qualified third-party logistics service providers for the delivery of our finished solutions to locations specified by our customers. Our contracts with the third-party logistic service providers contain detailed standards for the transportation of our solutions. We evaluate the third-party logistics service providers periodically on their compliance and performance to ensure smooth delivery of solutions to customers. To the best of our knowledge, all of these logistics service providers are Independent Third Parties.

Our inventory primarily includes raw materials, work in progress and finished products. Our inventory management is closely linked with our production plans and benefits from our strong relationships with customers and suppliers, which enable us to effectively manage the level of inventories, mitigate inventory-related risks and enhance our overall operational efficiency. To monitor our inventory levels and minimize obsolete inventory, we have established a strict inventory management system and manage our inventory through our ERP and MES systems. Our supply management team takes necessary measures to lower obsolescence risks. We also actively assess market changes and reserve strategic raw materials in anticipation of possible supply shortages. The roles and responsibilities of inventory management personnel include, among others, consistently monitoring inventory storage environments, regularly conducting inventory checks to implement dynamic and static supervision of our inventories.

## OUR CUSTOMERS

Our customers primarily consist of OEMs and tier-one suppliers, the majority of which are located in the PRC. Our strong industry reputation and recognition enables us to maintain long-term business relationships with our customers.

### Major Customers

For the years ended December 31, 2021, 2022 and 2023 and the six months ended June 30, 2024, the revenue from our five largest customers for the respective years/period in aggregate accounted for 78.0%, 42.7%, 37.0% and 39.8% of our total revenue, respectively, and our largest customer for the respective years/period contributed 31.7%, 16.6%, 11.4% and 10.5% of our total revenue, respectively. As of June 30, 2024, we had maintained business relationships with our five largest customers for one to four years.

The tables below set forth information about our five largest customers in each year/period of the Track Record Period:

***Year ended December 31, 2021***

| Customers | Background | Products provided | Revenue | % of total revenue | Year of commencement of business relationship |
|---|---|---|---|---|---|
| | | | *RMB'000* | | |
| Customer A . . . | A wholly state-owned limited liability company located in Hubei, China. It is an OEM that primarily focuses on automobile and automobile component production. | Intelligent driving solutions — iSafety and iPilot | 55,595 | 31.7% | 2019 |

| Customers | Background | Products provided | Revenue | % of total revenue | Year of commencement of business relationship |
|---|---|---|---|---|---|
| | | | *RMB'000* | | |
| Customer B . . . | A joint-stock limited company listed on the Hong Kong Stock Exchange and the Shenzhen Stock Exchange, with operations in Beijing, Shanghai and Chongqing, China. It is an OEM that primarily focuses on automobile and automobile component production. | Intelligent driving solutions — iSafety | 36,672 | 20.9% | 2020 |
| Customer C . . . | A wholly state-owned limited liability company located in Fujian, China. It is an OEM that primarily focuses on automobile and automobile component production. | Intelligent driving solutions — iSafety | 24,006 | 13.7% | 2020 |
| Customer D . . . | A limited liability company located in Guangdong, China. It is a tier-1 supplier that primarily focuses on automotive component manufacturing. | Intelligent driving solutions — iSafety | 13,518 | 7.7% | 2020 |
| Customer E(1) . . | A limited liability company located in Guangdong, China. It primarily engages in insurance loss assessment services. | Intelligent driving solutions — iSafety | 7,052 | 4.0% | 2021 |
| **Total** . . . . . . . | | | 136,843 | 78.0% | |

*Note:*

(1) On April 2, 2021, the Department of Transportation of Guangdong Province issued a notice regarding the promotion of the installation and use of intelligent video surveillance and alarm devices in heavy trucks (《關於做好重型貨車安裝使用智能視頻監控報警裝置宣傳工作的通知》). This notice required that semi-trailer trucks engaged in highway transportation and general freight vehicles weighing 12 tons or more be equipped with intelligent video surveillance and alarm devices by June 30, 2021. Our in-house developed safety defense systems are capable of effectively analyzing dangerous driving behaviors in real time and providing immediate reminders for safe driving. As such, Customer E placed a bulk order for our safety defense system in 2021.

***Year ended December 31, 2022***

| Customers | Background | Products provided | Revenue | % of total revenue | Year of commencement of business relationship |
|---|---|---|---|---|---|
| | | | *RMB'000* | | |
| Customer C . . . | A wholly state-owned limited liability company located in Fujian, China. It is an OEM that primarily focuses on automobile and automobile component production. | Intelligent driving solutions — iSafety | 46,297 | 16.6% | 2020 |
| NavInfo. . . . . . | A public company located in Beijing, China and listed on the Shenzhen Stock Exchange. It is a tier-1 supplier that primarily engages in vehicle information system integration services. | Intelligent driving solutions — iSafety | 21,080 | 7.5% | 2020 |
| Customer A . . . | A wholly state-owned limited liability company located in Hubei, China. It is an OEM that primarily focuses on automobile and automobile component production. | Intelligent driving solutions — iSafety | 19,696 | 7.1% | 2019 |
| Customer G . . . | A limited liability company located in Hubei, China. It is an OEM that primarily focuses on automobile and automobile component production. | Intelligent driving solutions — iSafety | 16,172 | 5.8% | 2022 |
| Customer B . . . | A joint-stock limited company listed on the Hong Kong Stock Exchange and the Shenzhen Stock Exchange, with operations in Beijing, Shanghai and Chongqing, China. It is an OEM that primarily focuses on automobile and automobile component production. | Intelligent driving solutions — iSafety | 15,846 | 5.7% | 2020 |
| **Total** . . . . . . . | | | 119,091 | 42.7% | |

***Year ended December 31, 2023***

| Customers | Background | Products provided | Revenue | % of total revenue | Year of commencement of business relationship |
|---|---|---|---|---|---|
| | | | *RMB'000* | | |
| Customer C . . . | A wholly state-owned limited liability company located in Fujian, China. It is an OEM that primarily focuses on automobile and automobile component production. | Intelligent driving solutions — iSafety | 54,099 | 11.4% | 2020 |
| NavInfo. . . . . . | A public company located in Beijing, China and listed on the Shenzhen Stock Exchange. It is a tier-1 supplier that primarily engages in vehicle information system integration services. | Intelligent driving solutions — iSafety | 37,607 | 7.9% | 2020 |
| Customer B . . . | A joint-stock limited company listed on the Hong Kong Stock Exchange and the Shenzhen Stock Exchange, with operations in Beijing, Shanghai and Chongqing, China. It is an OEM that primarily focuses on automobile and automobile component production. | Intelligent driving solutions — iSafety | 28,349 | 6.0% | 2020 |
| Customer A . . . | A wholly state-owned limited liability company located in Hubei, China. It is an OEM that primarily focuses on automobile and automobile component production. | Intelligent driving solutions — iSafety | 28,026 | 5.9% | 2019 |
| Customer H . . . | A limited liability company located in Zhejiang, China. It is an OEM that primarily engages in automobile production. | Intelligent driving solutions — iSafety and iPilot, and intelligent cabin solutions | 27,495 | 5.8% | 2021 |
| **Total** . . . . . . . | | | **175,576** | **37.0%** | |

***Six months ended June 30, 2024***

| Customers | Background | Products provided | Revenue | % of total revenue | Year of commencement of business relationship |
|---|---|---|---|---|---|
| | | | *RMB'000* | | |
| Customer B . . . | A joint-stock limited company listed on the Hong Kong Stock Exchange and the Shenzhen Stock Exchange, with operations in Beijing, Shanghai and Chongqing, China. It is an OEM that primarily focuses on automobile and automobile component production. | Intelligent driving solutions – iSafety | 24,773 | 10.5% | 2020 |
| Customer I. . . . | A majority state-owned company located in Suzhou, China. It is an OEM that mainly focuses on NEV technology development and consultation. | Intelligent driving solutions – iSafety | 22,935 | 9.7% | 2022 |
| Customer C . . . | A wholly state-owned limited liability company located in Fujian, China. It is an OEM that primarily focuses on automobile and automobile component production. | Intelligent driving solutions – iSafety and iPilot | 17,063 | 7.2% | 2020 |
| Customer J. . . . | A limited liability company located in Guangzhou, China. It is a high-tech company focuses on IT solutions and system integration. | Vehicle infrastructure cooperative systems | 15,741 | 6.7% | 2021 |
| Customer K . . . | A wholly state-owned limited liability company located in Shanghai, China. It is an OEM that primarily focuses on automobile production. | Intelligent driving solutions – iSafety and iPilot, and intelligent cabin solutions | 13,531 | 5.7% | 2021 |
| **Total** . . . . . . . | | | **94,043** | **39.8%** | |

To the best of our knowledge, except for NavInfo, none of our Directors, their respective close associates or any Shareholder who owned more than 5% of our issued share capital as of the Latest Practicable Date, had any interest in any of our five largest customers in each year/period of the Track Record Period. Details of NavInfo are disclosed in "History, Development and Corporate Structure — Pre-IPO Investments."

**Design Win Conversion**

After obtaining a design win, we initiate the corresponding design-win project with our customers, the process of which involves the following steps. According to CIC, the steps in our design wins conform with automotive industry norms.

*Understanding the Specification Requirements*: Through close communication with our customers, we gain a detailed understanding of the specifications and milestones of a project.

*Developing the Prototypes and Optimizing*: Based on the specifications, we initiate the relevant R&D activities. Through iterative cycles of prototype modeling and optimization, we ensure that the final deliverables meet our customer's requirements.

*Testing and Validation*: Upon the achievement of certain milestones, we conduct testing and validation, including sample testing, vehicle model testing and third-party verification, to ensure that the deliverables are compliant with industry standards and our customer's requirements.

*Project Completion and Delivery*: Once our customer accepts the deliverables, our design wins are considered as completed and we will generally undertake mass production for the customers. In response to the customer's needs, we may provide training to their designated personnel and offer ongoing maintenance services.

**Salient Terms of Agreements with Customers**

The common salient terms of our major customer agreements during the Track Record Period are set out below:

- *Solutions specifications*. Our customers typically set forth specific solution specifications for solutions ordered in the agreements or specific purchase orders, such as solution name, model, configurations and features.

- *Term*. The agreement typically has an indefinite term, while certain agreements may have a one-year term which can be renewed automatically.

- *Sales volume and pricing*. The framework agreement with our customers do not specify the sales volume, because our customers do not place orders all at once — instead, they place purchase orders periodically, and the sales volume of each purchase order is determined according to the sales volume of the relevant vehicle model and the OEM's mass production plan in the upcoming months. The general pricing of our products is specified in the design-win agreement, which may be subject to minor adjustments for each purchase order, depending on market price fluctuations at that time.

- *Delivery*. For solutions, we are generally responsible for delivering the solutions to locations designated by the customers in accordance with the delivery schedule specified in the agreement. For orders involving software, we provide the software to customers within a specified time.

- *Payment and credit term*. Our customers are typically required to settle the payment within three months after receipt of invoice.

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

- *Warranty*. We typically offer a standard solution warranty to customers of our solutions. See "—After-Sales and Warranty."

- *Confidentiality*. All confidential information provided by either party shall not be disclosed to any third party, unless it is otherwise required by applicable laws and regulations or prior written consent has been obtained.

**Solution Returns and Replacement**

We have developed a standard solution return procedure. When a customer requests the return of non-conforming solutions, the customer needs to provide us with a non-conforming sample and our quality control team shall accept the return request upon determination of any non-conformity. During the Track Record Period and up to the Latest Practicable Date, we had not experienced any material solution return or recall due to defects in our solutions.

**After-Sales and Warranty**

In our ongoing efforts to maintain customer satisfaction and improve our solutions and services, our after-sales team is responsible for providing comprehensive after-sales services. They can diagnose issues and identify solutions for customers' problems. Upon receiving customer complaints, we conduct a preliminary analysis within 24 hours during business days. Following the acknowledgment of customer complaints, a dedicated team is assembled by our quality engineers and other experts from production, R&D, project management and supply chain departments. For significant customer complaints that involve production halts, claims or recalls, quality engineers are required to compile relevant information in writing and report to the quality manager and the responsible vice president to expedite resolution. If the analysis reveals that the issue stems from purchased raw materials or components, we will notify the procurement team and the supplier, halting further procurement immediately. In cases where solutions materials, structural design, software or hardware design or processing schemes are found to be non-compliant, we conduct thorough assessments. We provide after-sales services such as repair, replacement and returns for our customers based on the specific circumstances of the product in accordance with the applicable laws and regulations. We have established after-sales service and warranty management procedures. When a warranty issue can be resolved through a software update or upgrade, we typically offer after-sales services to our clients via online guidance or remote operations. When on-site warranty service is required, our after-sales personnel will bring the necessary repair equipment to provide service on-site. All after-sales personnel providing on-site after-sales service have undergone rigorous trainings and are only permitted to attend to customer sites after they have passed assessments.

For our solutions sold to passenger vehicle customers, we generally provide varied warranty periods as agreed in the contracts. For our solutions sold to commercial vehicle customers, we generally provide a three-year warranty period or 100,000 kilometer-based warranty coverage, subject to the specific warranty agreements. During the warranty period, for any quality issue with either our software or hardware which is caused by our fault, we will make repair free of charge under certain conditions. For solution damage caused by the customer's own improper operation, we will provide repair services at a charge. We may be obligated to assume the product liability in the event of any quality defects in our solutions that result in personal or property damage. If such claims arise from solution defects in the raw materials or components we procure from our suppliers, we may have the right to request them to assume the corresponding product liability. In 2021, 2022 and 2023 and the six months ended June 30, 2024, the warranty expenses incurred were RMB2.6 million, RMB3.4 million, RMB5.2 million and RMB1.6 million, respectively. In 2021, 2022 and 2023 and the six months ended June 30, 2024, we made provisions for warranties of RMB3.5 million, RMB5.6 million, RMB9.3 million and RMB10.8 million, respectively. During the Track Record Period and up to the Latest Practicable Date, we did not experience any material complaints, litigation or other incidents regarding the quality and safety of our solutions.

As advised by our PRC Legal Advisor, according to the PRC Civil Code (《中華人民共和國民法典》), if a product has defects that cause damage to others, the manufacturer shall bear the liability for infringement, and the infringed party may request compensation from the manufacturer or seller of the product. Where a defect is caused by the manufacturer, the seller who has paid compensation has the right to indemnification against the manufacturer. And according to the PRC Product Quality Law (《中華人民共和國產品質量法》), if a product has defects that cause personal injury or property damage (other than the damage to the defective product itself), the manufacturer shall be liable for compensation. Therefore, if it is proved that a traffic accident occurred due to a defect of our solutions, causing personal and other property damage, we need to bear compensation responsibilities. Moreover, according to the Implementing Measures for the Administrative Regulations on the Recall of Defective Auto Products (Revised in 2020) (《缺陷汽車產品召回管理條例實施辦法(2020年修訂)》), the manufacturers of automobiles and automobile trailers shall be responsible for recalling defective automobiles, and we, as the auto part manufacturer, shall report information concerning defective automobiles to the State Administration for Market Regulation, and notify the Automobile Manufacturers. The State Administration for Market Regulation and entrusted market regulatory departments shall have the power to conduct on-the-spot investigations on the premises of auto part manufacturers, and auto part manufacturers shall render assistance during a defective automobile investigation and furnish relevant information as required in the investigation. Furthermore, according to the related contract between our Company and relevant customers, our Company shall be liable for any losses caused to customers due to the quality of the products provided by our Company. Meanwhile, if a customer finds any quality problems in the products provided by our Company in such links as the receipt, inspection, use and after-sales, the customer may require our Company to replace or return the goods, repair the product, refuse to pay the purchase price or claim compensation or other similar treatment according to actual situations. See "Regulatory Overview—Regulation on Product Liability."

## SALES AND MARKETING

We have an experienced sales and marketing team in China, consisting of 65 personnel as of June 30, 2024, who proactively identify market opportunities. Many of our salespersons are familiar with professional knowledge in relation to our solutions to support their sales activities. We believe that sales of our solutions will be enhanced by salespersons who are equipped with the relevant knowledge and experience and who can convey the value of our technologies and the high performance of our solutions.

Our solutions are primarily sold to OEMs and tier-one suppliers, and are generally deployed on new vehicles by OEMs and tier-one suppliers. We secure orders leveraging our well-established brand reputation and extensive solutions portfolio as well as our dynamic marketing and promotional efforts, such as communication with automotive OEMs, attending industry forums, technology conferences and industry expositions to showcase our solutions and collaboration with industry media to regularly disseminate information about our latest technological innovations, solutions and developments. We believe that the combination of our high-quality solutions and the optimization of our marketing channels enables us to achieve continued brand exposure and attract high-quality potential OEM customers efficiently. We generally sell our intelligent driving solutions and intelligent cabin solutions through direct sales. During the Track Record Period and up to the Latest Practicable Date, we did not sell our solutions to any distributor.

### Collaboration with Our Customers

Generally, our customers determine whether our solutions are suitable and necessary for their vehicle models based on the market positioning, targeted end-customers and competitive vehicle models. However, according to CIC, ADAS solutions are increasingly required to be deployed across a wider range of vehicle models. Additionally, in cases where ADS or ADAS functions are mandated by relevant laws or regulations, such as the DDAW in the EU, the relevant solutions must be integrated as a standard feature in each vehicle sold within the EU. We maintain collaborative relationships with our customers throughout the product lifecycle, from R&D to after-sales service, while we in-house develop solutions for our customers. The process described below represents a typical comprehensive workflow, which may be adjusted based on specific customer requirements, internal procedures, and the nature of our solutions and services offered. Depending on these factors, additional steps may be included, or certain steps may be combined or omitted.

***Design Win***

Upon receiving a tender request from a potential customer, we provide technical solutions tailored to their specific needs. Our technical sales team engages in requirement discussions with the customer, addressing feedback and refining our proposals. Customers conduct technical reviews to evaluate our solutions. While we are required not to infringe intellectual property rights of others in the course of R&D and production, we are allowed to use the data, drawings and samples provided by the customer. Upon successful design win, we typically sign nomination letters, technical development agreements or R&D fee agreements. These agreements outline the rights and obligations of both parties. We are typically obligated to develop solutions according to customer specifications and provide detailed technical proposals. Customers have the right to oversee the development process, provide modification suggestions and sign nomination letters upon approval. See "Risk Factors—Our existing OEM customers may not purchase our solutions in any certain quantity or at any certain price." For more details on our customer relationships and sales process, please see "—Our Customers" and "—Sales and Marketing" sections.

***Solution Development***

Following a design win, we undertake design and development for our solutions according to customer requirements. We are responsible for completing solution development within the agreed timeframe and conducting regular technical reviews. Our customers may provide feedback during our solution development stage. We are obligated to maintain close communication with customers to ensure the project progresses as planned.

***Solution Verification***

We conduct solution testing in accordance with regulatory, industry and customer standards, which may include vehicle-level testing with our customers and third-party evaluations such as E-NCAP and/or C-NCAP five-star ratings. Our obligations include conducting comprehensive solution testing and cooperating with third-party and vehicle-level testing to ensure the solution meets customer requirements. Customers have the right to participate in testing and acceptance, propose improvements and sign Preliminary Engineering Sign Off documents or acceptance certificates upon approval.

***Sales Orders and Mass Production***

Upon customer approval, we proceed with mass production. Our customers are typically involved in production process supervision and conduct regular quality audits. At this stage, we generally enter into annual framework agreements with our customers, who place specific orders under such framework agreements through our system for our solutions. Our obligations include ensuring production line optimization, completing production tasks on time. Customers have the right to supervise the production process and conduct quality audits to ensure product quality meets their requirements.

### *Delivery*

We manage logistics and delivery for our solutions, ensuring our solutions reach our customers safely and on time. Our responsibilities include arranging transportation, coordinating with logistics partners and ensuring proper handling of our solutions throughout the delivery process. We are obligated to arrange logistics and delivery, ensuring solutions are delivered safely and on time. See "—Logistics and Inventory Management." Customers have the right to inspect delivered solutions and provide feedback on the delivery. Our solutions are deployed on ICE vehicles, EVs and other NEVs, covering a range of vehicle models, including trucks, passenger vehicles, saloon vehicle, SUVs and other vehicle models, with prices ranging from approximately RMB100,000 to RMB1.0 million. Our customers are generally responsible for the integration of our solutions into their vehicles via their production lines.

### *After-sales Service*

Following solution delivery and integration into vehicles, we provide comprehensive after-sales service to address any feedback or issues that may arise. Our dedicated after-sales service team is responsible for promptly responding to customer inquiries, providing troubleshooting assistance, offering software updates when applicable and conducting on-site support when necessary. See "—Our Customers—After-sales and Warranty." To formalize our after-sales commitments, we often enter into quality agreements or technical service agreements with our customers. We are obligated to provide timely and effective after-sales service based on customer demand. Customers have the right to evaluate after-sales service quality and propose improvements.

The extensive customization and integration process, combined with our close collaboration with OEMs and our in-house R&D capabilities, contribute to the distinct nature of our solutions. Our solutions are designed to be integral components of the vehicles they are developed for, which enhances their value to our customers. Our Directors are of the view that our solutions are not easily replaceable by other solutions available in the market, given that:

- The R&D and production process of intelligent driving and cabin solutions require close interaction with OEMs regarding network topology and signal quantities, consuming a substantial amount of OEM's resources for integration, debugging and validation. This deep integration makes it challenging for OEMs to replace our solutions without significant time and resource investment;

- Intelligent driving and cabin solutions evolve rapidly, with more cost-effective solutions emerging annually. Our continuous innovation often results in the introduction of superior and more cost-efficient solutions before competitors can complete their R&D cycles; and

- The R&D of intelligent driving and cabin solutions requires comprehensive capabilities in perception, fusion, planning and control algorithms, software development and hardware design and production. Our in-house platform-based technologies, software-hardware-integrated R&D capabilities and solid mass production capabilities provide us with a competitive edge in solution reliability and development efficiency, further differentiating our solutions in the market.

### Pricing Policy

Depending on the market conditions, we adopt different pricing strategies. We set our baseline prices to safeguard the financial integrity of our operations based on our assessment of our cost structure and commitment to upholding quality standards. Our cost structure is generally determined by, among other things, costs of raw materials and components, cost of production and R&D expenses. The complexity of our solutions or level of customization directly influences our cost structure. Additionally, the costs associated with R&D activities are carefully evaluated to maintain our competitive edge in innovation while ensuring a fair return on investment.

Subject to our baseline prices, our sales and marketing team generally aligns our pricing with the competitive landscape and ensures that our pricing remains dynamic and responsive to market trends by conducting regular market assessments and staying abreast of competitive solutions. We also adjust our selling prices dynamically based on the market position of the solutions, the customer profile and expected order volume. Generally, we engage in discussions with customers concerning fluctuations in the prices of raw materials, logistics costs and exchange rates, as these factors directly impact the cost of providing solutions and services. By maintaining open communication, both parties can negotiate adjustments to the pricing of solutions to reflect these changes.

## OUR SUPPLIERS

Our suppliers primarily consist of raw materials and components suppliers, including suppliers for, among others, electronic components, structural components and camera modules, the majority of which are located in the PRC. Semiconductor chips are a key category of products that we procure from our suppliers. We maintain stable relationships with our suppliers to ensure the stability of material supply and delivery.

### Major Suppliers

For the years ended December 31, 2021, 2022 and 2023 and the six months ended June 30, 2024, our five largest suppliers for the respective years/period in aggregate accounted for 41.9%, 36.3%, 41.7% and 38.9% of our total purchase amount, respectively, and our largest supplier for the respective years/period contributed 15.3%, 8.0%, 11.7% and 13.2% of our total purchase amount, respectively. As of June 30, 2024, we had maintained business relationships with our five largest suppliers for one to six years.

The following table sets forth details of our five largest suppliers in each year/period of the Track Record Period:

***Year ended December 31, 2021***

| Suppliers | Background | Products purchased | Purchase amount | % of total purchases | Year of commencement of business relationship |
|---|---|---|---|---|---|
| | | | *RMB'000* | | |
| Supplier A | A limited liability company located in Hong Kong, China. It specializes in chip application technology services and chip distribution. | Chips | 33,934 | 15.3% | 2017 |
| Supplier B | A limited liability company located in Tianjin, China. It specializes in professional vehicle camera solutions. | Camera modules | 26,395 | 11.9% | 2017 |
| Supplier C | A limited liability company located in Guangdong, China. It specializes in technology development, design and sales of electronic products and electronic components. | Communication modules | 11,398 | 5.1% | 2019 |
| Supplier D | A limited liability company located in Guangdong, China. It specializes in the manufacturing of vehicle equipment. | BSD modules | 11,137 | 5.0% | 2021 |
| Supplier E | A limited liability company located in Taiwan, China. It specializes in the processing, manufacturing, R&D, trading and import and export of various electronic components and finished products. | Chips | 10,198 | 4.6% | 2018 |
| **Total** | | | 93,062 | 41.9% | |

***Year ended December 31, 2022***

| Suppliers | Background | Products purchased | Purchase amount | % of total purchases | Year of commencement of business relationship |
|---|---|---|---|---|---|
| | | | *RMB'000* | | |
| Supplier D | A limited liability company located in Guangdong, China. It specializes in the manufacturing of vehicle equipment. | BSD modules | 20,497 | 8.0% | 2021 |
| Supplier F | A limited liability company located in Guangdong, China. It specializes in the production of automotive electronics. | PCB assembly | 19,916 | 7.8% | 2022 |
| Supplier G | A limited liability company located in Hunan, China. It specializes in software development. | Signal control modules | 19,080 | 7.4% | 2021 |
| Supplier H | A limited liability company located in Zhejiang, China. It specializes in the production of optoelectronic components. | Camera modules | 18,092 | 7.0% | 2021 |
| Supplier I | A limited liability company located in Shanghai, China. It specializes in the R&D and production of electronic components of automobiles and motorcycles. | Millimeter wave radars | 15,724 | 6.1% | 2021 |
| **Total** | | | 93,309 | 36.3% | |

***Year ended December 31, 2023***

| Suppliers | Background | Products purchased | Purchase amount | % of total purchases | Year of commencement of business relationship |
|---|---|---|---|---|---|
| | | | *RMB'000* | | |
| Supplier F . . . . | A limited liability company located in Guangdong, China. It specializes in the production of automotive electronics. | PCB assembly | 39,336 | 11.7% | 2022 |
| Supplier D . . . . | A limited liability company located in Guangdong, China. It specializes in the manufacturing of vehicle equipment. | BSD modules | 28,976 | 8.6% | 2021 |
| Supplier J . . . . | A limited liability company located in Guangdong, China. It specializes in the R&D of automobile components. | PCB assembly | 27,804 | 8.3% | 2022 |
| Supplier H . . . . | A limited liability company located in Zhejiang, China. It specializes in the production of optoelectronic components. | Camera modules | 27,234 | 8.1% | 2021 |
| Supplier B . . . . | A limited liability company located in Tianjin, China. It specializes in professional vehicle camera solutions. | Camera modules | 16,963 | 5.0% | 2021 |
| **Total** . . . . . . . | | | 140,313 | 41.7% | |

***Six months ended June 30, 2024***

| Suppliers | Background | Products purchased | Purchase amount | % of total purchases | Year of commencement of business relationship |
|---|---|---|---|---|---|
| | | | *RMB'000* | | |
| Supplier D . . . . | A limited liability company located in Guangdong, China. It specializes in the manufacturing of vehicle equipment. | BSD modules | 27,387 | 13.2% | 2021 |
| Supplier K . . . . | A limited liability company located in Zhejiang, China. It specializes in the R&D of automobile components. | Sensors and shells | 18,842 | 9.1% | 2023 |
| Supplier J . . . . | A limited liability company located in Guangdong, China. It specializes in the R&D of electronic components. | PCB assembly | 13,488 | 6.5% | 2022 |
| Supplier F . . . . | A limited liability company located in Guangdong, China. It specializes in the production of automotive electronics. | PCB assembly | 11,594 | 5.6% | 2022 |
| Supplier L . . . . | A limited liability company located in Jiangsu, China. It specializes in the R&D of electronic components. | Digital video recorder (DVR) modules | 9,288 | 4.5% | 2022 |
| **Total** . . . . . . . | | | 80,599 | 38.9% | |

To the best of our knowledge, none of our Directors, their respective close associates or any Shareholder who owned more than 5% of our issued share capital as of the Latest Practicable Date, had any interest in any of our five largest suppliers in each year/period of the Track Record Period.

**Supply of Raw Materials and Components**

Our procurement is generally based on our customized production plan and internal strategic storage. We have a dedicated team to procure raw materials and components to meet the specific requirements of our solutions. The key raw materials and components we used for our production include, among others, automotive-grade chips, electronic components, PCBs and camera modules. The majority of our raw material and component suppliers are located in the PRC while we also source from suppliers overseas, including Hong Kong. The following table sets forth our purchase from domestic and overseas suppliers for the years/periods indicated:

| | Year ended December 31, | | | Six months ended June 30, |
|---|---|---|---|---|
| | 2021 | 2022 | 2023 | 2024 |
| | *(RMB in thousands)* | | | |
| China | 163,329 | 242,610 | 322,098 | 195,065 |
| Overseas | 59,162 | 14,057 | 14,819 | 12,221 |
| **Total** | **222,491** | **256,667** | **336,917** | **207,286** |

We adopt several measures to ensure a stable supply of raw materials and components, such as eliminating exclusive supply, valuing alternative supply and strengthening admission standards. We also actively monitor the inventory levels of our raw materials and we will adjust our stock quantities accordingly to mitigate potential risks in raw material price fluctuations. We believe that our operation is not dependent on any particular supplier or contract manufacturer, since: (i) during the Track Record Period, we maintained multiple suppliers to avoid over-reliance on any of suppliers. For example, we typically engage two or three suppliers for our procurement of each type of chips that we procure; (ii) we believe there is no significant difficulty to find suitable substitutes for our suppliers under pricing and other terms that are similar to those of our existing suppliers; and (iii) according to CIC, we have access to a diverse supplier base for the chip types we procure, allowing us the flexibility to identify and engage alternative suppliers who can offer commercially reasonable pricing and terms to meet our procurement requirements.

Although we have sufficient alternative suppliers for all of our raw materials and components that can provide us with substitutes of comparable quality and prices, a few raw materials may occasionally be subject to industry-wide shortage, significant pricing fluctuations and long supply cycles. See "Risk Factors—Risks Relating to Our Business and Industry—We are susceptible to supply shortages and increased costs of raw materials and key components, which may materially and adversely affect our business, financial condition and results of operations."

We routinely engage in price discussions with our suppliers on a semiannual basis. The prices of raw materials and components are primarily determined based on competitive negotiation between suppliers and us. In addition, our suppliers generally bear the transportation expenses incurred for the delivery of raw materials and components.

***Selection and Engagement of Suppliers***

We develop our supplier selection strategy based on our need for raw materials and supply conditions in the market. When selecting suppliers, we take into account diverse factors, including, among other things, the suppliers' background, technical capability, solution quality, cost, production capability and delivery efficiency. We have implemented a comprehensive supplier management system that defines the admission of suppliers, management of qualified suppliers and termination of unqualified suppliers to ensure the efficiency of our supplier management.

During our preliminary supplier evaluation, we scrutinize the basic information of potential suppliers, including their company address, registered capital, supply capabilities and relevant official certificates. After these requirements are met, we review their production processes, product quality and market conditions. We may have on-site visits to production sites of potential suppliers. Potential suppliers are also required to provide samples for our testing and assessment. Successful suppliers are then admitted to our list of qualified suppliers.

We typically seek to enter into long-term cooperative agreements with our suppliers. We carry out performance assessments to ensure the product quality and service of our suppliers on a quarterly basis and inform the suppliers of our assessment result and rectification requirements. In addition, we conduct regular examinations on the raw materials and components delivered, including their appearance, functions and sizes, to ensure the consistency of the high quality of our solutions. If certain raw materials and components fail to meet our stringent testing standards, we are entitled to request the return of the affected batch. The supplier is obliged to perform an analysis of the returned solutions, identify the causes for non-compliance and propose rectification measures.

The prices of raw materials and components are primarily determined based on negotiation between our suppliers and us. We have also achieved cost control through supply resource consolidation, thereby enabling us to maintain a competitive edge in the fiercely contested automotive market.

During the Track Record Period and up to the Latest Practicable Date, we did not experience quality and delivery issues with our raw materials and components that materially affected our operations.

**Salient Terms of Agreements with Suppliers**

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

- *Solutions specifications*. We specify the raw materials and/or components, specification, price, quantity, delivery timeline and other detailed items in each purchase order.

- *Quality control*. We provide our suppliers with raw materials and/or components specifications in advance and we inspect the products upon receipt to determine any deviations from their samples and specifications. We have the right to reject and return any products that do not meet our specifications, at the expense of suppliers, or to request replacement or maintenance.

- *Delivery.* The suppliers are generally responsible for delivery of raw materials and/or components to our designated location specified in each purchase order.

- *Credit term*. Our suppliers typically require pre-payment from us or grant us a credit term of one month.

- *Solutions recalls and return*. We have the right to return or replace non-conforming raw materials and/or components.

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

## BUSINESS SUSTAINABILITY

We achieved sustained business growth but had been loss-making during the Track Record Period. The following table sets forth certain financial data for the years/periods indicated:

| | Year Ended December 31, | | | Six months ended June 30, | |
|---|---|---|---|---|---|
| | 2021 | 2022 | 2023 | 2023 | 2024 |
| | *(RMB in thousands, except for percentages)* | | | *(unaudited)* | |
| Revenue | 175,174 | 279,358 | 476,206 | 163,834 | 236,675 |
| Gross profit | 17,001 | 33,570 | 68,022 | 13,661 | 33,421 |
| Gross profit margin | 9.7% | 12.0% | 14.3% | 8.3% | 14.1% |
| Net loss | (139,797) | (220,830) | (207,155) | (132,832) | (112,048) |
| Adjusted net loss (non-IFRS measure) | (130,995) | (205,870) | (184,754) | (121,632) | (82,439) |
| Adjusted net loss margin (non-IFRS measure) | (74.8)% | (73.7)% | (38.8)% | (74.2)% | (34.8)% |

We have implemented a number of growth strategies including technology investment and refinement of our solutions, strengthening manufacturing and supply chain capabilities, expanding customer base and improving talent recruitment and retention. During the Track Record Period, the above strategies were proven to be generally effective in improving our operational and financial performance. As of December 31, 2021, 2022 and 2023 and June 30, 2024, we had design wins under development for 20, 36, 51 and 41 vehicle models with 14, 20, 21 and 22 OEMs, respectively, and had undertaken mass production for 22, 53, 64 and 94 vehicle models with 9, 19, 26 and 29 OEMs, respectively. As a result, we achieved strong revenue growth during the Track Record Period, from RMB175.2 million in 2021 to RMB476.2 million in 2023 and from RMB163.8 million in the six months ended June 30, 2023 to RMB236.7 million in the six months ended June 30, 2024. According to CIC, in 2023, we ranked seventh among all domestic intelligent driving solutions providers and ranked fourth among all emerging technology companies in China, with a market share of 0.6%, in terms of revenue of Level 0 to Level 2+ solutions.

However, our growth in revenue had yet been able to fully cover the various costs and expenses incurred during the Track Record Period. In 2021, 2022 and 2023 and the six months ended June 30, 2023 and 2024, we had net losses of RMB139.8 million, RMB220.8 million, RMB207.2 million, RMB132.8 million and RMB112.0 million, respectively. After elimination of the effects of share-based payment and listing expenses, in 2021, 2022 and 2023, and the six months ended June 30, 2023 and 2024 our adjusted net loss (non-IFRS measure) was RMB131.0 million, RMB205.9 million and RMB184.8 million, RMB121.6 million and RMB82.4 million, respectively. See "Financial Information—Non-IFRS Measures."

We incurred net losses primarily because we were still at a ramp-up stage and have yet to fully realize economies of scale, and we aim at long-term business success and financial return in the automotive intelligence solutions industry, rather than seeking near-term profitability at the expense of long-term market potential. The automotive intelligence solutions market in which we operate is highly competitive, and the technologies are rapidly evolving. According to CIC, the top 10 domestic intelligent driving solutions providers collectively held only a 14.7% market share in 2023, and the technology enhancements in the computing power of chips, more complex suites of sensors and highly adaptable algorithms, among other things, have significantly propelled the performance of intelligent driving solutions in the past few years. In the early stages of our development, we strategically invested heavily in our research and development to better understand the fast-paced product demand iterations and continuous technological innovations characteristic of this fast-developing industry, and actively increased our sales force to strengthen our customer base and drive future growth. Our focus has always been on enhancing our core technological capabilities and steadily launching new solutions to strengthen our customer base, rather than pursuing short-term profitability. Accordingly, we may continue to incur net losses and net operating cash outflows in the foreseeable future, including the year ending December 31, 2024. We are not able to predict when we will be able to start generating net profits and net operating cash inflow due to the fast-evolving business environment and competitive landscape. See "Risk Factors—Risks Relating to Our Business and Industry—We recorded net losses and had net operating cash outflows during the Track Record Period" and "Risk Factors—Risks Relating to Our Business and Industry—We have been and intend to continue investing significantly in R&D, which may not generate the results we expect and therefore may adversely affect our short-term cash flow, liquidity and profitability."

From the financial perspective, our loss-making position is primarily a result of combination of the following:

- *Procurement costs of raw materials and consumables.* We incurred significant procurement costs of raw materials and consumables under our cost of sales, which were RMB135.7 million, RMB206.3 million, RMB349.7 million, RMB122.7 million and RMB164.4 million in 2021, 2022 and 2023 and the six months ended June 30, 2023 and 2024, respectively, representing 77.5%, 73.8%, 73.4%, 74.9% and 69.5% of our total revenue in the same periods, respectively. Such increases in the procurement costs were generally in line with our revenue growth.

- *Investment in R&D.* We made significant investment in R&D during the Track Record Period. Our research and development expenses in 2021, 2022 and 2023 and the six months ended June 30, 2023 and 2024 were RMB82.2 million, RMB139.3 million, RMB149.8 million, RMB81.4 million and RMB63.3 million, respectively, representing 46.9%, 49.9%, 31.5%, 49.7% and 26.7% of our total revenue in the same periods, respectively. We are committed to enhancing our intelligent driving technologies and developing new technologies and solutions through our investment in R&D activities, which we believe will further drive our future revenue growth.

- *Investment in attracting and retaining talent.* In order to enhance our operating efficiency, we put substantial efforts into the recruitment and retention of talent, as employee benefit expenses constituted a significant portion of our selling expenses, general and administrative expenses and research and development expenses. Our total employee benefit expenses in 2021, 2022 and 2023 and the six months ended June 30, 2023 and 2024 were RMB107.9 million, RMB166.4 million, RMB180.7 million, RMB90.1 million and RMB86.8 million, respectively, representing 61.6%, 59.6%, 37.9%, 55.0% and 36.7% of our total revenue in the same periods, respectively. Meanwhile, to incentivize our employees and retain our talent, we had in place share award schemes, and incurred share-based payments of RMB8.8 million, RMB15.0 million, RMB22.4 million, RMB11.2 million and RMB15.3 million in 2021, 2022 and 2023 and the six months ended June 30, 2023 and 2024, respectively.

See "Financial Information—Results of Operations."

Our loss-making position is primarily a result of the complexity involved in the R&D of intelligent driving solutions. Each step in developing intelligent driving solutions involves substantial upfront financial investment due to the large workforce with different expertise required, expensive equipment procurement, extensive cross-functional coordination and significant use of computational resources. Below are the major aspects of our R&D activities that contributed substantially to our loss-making position during the Track Record Period:

- *Building comprehensive R&D capabilities.* We believe comprehensive in-house R&D capabilities are fundamental for our long-term growth, as they significantly enhance our development autonomy and facilitate the adaptation of our technologies to new business domains. To this end, we established various specialized R&D teams across hardware, software and algorithm development. Our algorithm engineers cover four specialities throughout the development cycle: perception, fusion, mapping and localization and planning and control. We believe the full-cycle R&D capabilities allow us to achieve high cost-efficiency in technology upgrade and product iteration.

- *Investment in cutting-edge laboratories and equipment.* Intelligent driving demands high precision and reliability. We have made substantial investments in our R&D infrastructure to expedite the development process and boost the technical competitiveness of our solutions. For example, during the Track Record Period, we established several advanced facilities, including a CNAS-accredited reliability lab, a full-vehicle calibration facility, a simulation testing lab and several advanced visualization systems. These industry-leading equipment and facilities help us achieve high precision and accuracy in essential R&D steps, such as hardware validation, software testing and algorithm optimization. Our R&D infrastructure empowers our R&D personnel to effectively and efficiently explore the forefront of technological innovation.

- *Development of innovative algorithms.* To ensure the competitiveness of our intelligent driving solutions, we continuously develop innovative algorithms and enhance existing algorithms. For example, we developed BEV technology and monocular 3D object detection technology, and further improved the performance of algorithms for iPilot solutions during the Track Record Period. The development of such advance algorithms relies on producing the underlying neural network models, which demands significant human resources and financial investment to prepare massive data input and computational resources. For details of our self-developed neural network tools HardNet and ThiNet, see "—Our Technologies—In-house Developed Core Algorithms—Neural Network Acceleration and Deployment Tools."

- *Joint development by perception division and planning and control division.* Our intelligent driving solutions provide over twenty functions (*e.g.*, AEB, ACC and LCC), and each of these functions needs the joint development and testing by a substantial number of R&D personnel from two divisions: perception division and planning and control division. The joint development process of the two divisions encompasses numerous delicate aspects and demands intensive coordination. Therefore, during the Track Record Period, our R&D personnel from the two divisions put additional efforts in establishing highly efficient joint development protocols, giving us a competitive edge in the long run against companies without mature in-house R&D capabilities.

- *Establishment of a new domain control platform.* During the Track Record Period, we established a new domain control platform compatible with mainstream SoCs. Building the new domain control platform is highly complex, because it requires seamless integration of various hardware, software and algorithms and involves the joint efforts of dozens of engineers from these three specialty areas. Our engineers dedicated considerable time to fine-tune the platform design to ensure its compatibility with mainstream SoCs and its ability to accommodate customization requests from different customers. The investment in the domain control platform is crucial for our long-term growth, as its high adaptability eliminates the need to overhaul the entire system or develop brand new algorithms or middleware for each new product.

Although the upfront investments incurred for our R&D activities were significant during the Track Record Period, we believe such investments laid a robust foundation for our long-term growth. Specifically, we believe such upfront investments will contribute to our business sustainability and profitability growth in the long term in the following ways:

- *Accumulation of highly adaptable technologies.* For example, although producing neural network models demanded significant resources as described above, the neural network models can be applied in next-generation intelligent driving solutions and be deployed in various vehicle models. This saves us significant time and resources in future development of higher-level products by reducing the need to prepare massive data input, produce and migrate models and coordinate joint development across various R&D divisions.

- *Streamlining project execution.* The upfront R&D investments have allowed us to streamline our project execution process. We have developed various hardware and software toolchains (sets of development tools used simultaneously to complete complex development tasks) and built a highly compatible domain control platform. They eliminate the burden of developing from scratch and substantially enhance the speed of product iteration and functionality extension.

Despite our losses during the Track Record Period, we believe that our business is sustainable. We plan to narrow our losses and achieve profitability by acting vigorously on both sides of our profit-loss equation: driving revenue growth and improving gross margin.

**Driving Revenue Growth**

We experienced strong revenue growth during the Track Record Period. Our revenue was RMB175.2 million, RMB279.4 million and RMB476.2 million in 2021, 2022 and 2023, respectively, representing a CAGR of 64.9% from 2021 to 2023 and a year-on-year growth rate of 59.5% in 2022 and 70.4% in 2023. Our revenue also increased by 44.5% from RMB163.8 million in the six months ended June 30, 2023 to RMB236.7 million in the six months ended June 30, 2024. We expect our revenue to continually grow, driven by the following factors:

***Incremental Development Strategy: Facilitating Penetration Across Various Product Lines***

Unlike some industry peers who focus on high-level autonomous driving, we have adopted an incremental strategy to gradually develop intelligent driving solutions across different levels of automation. This strategy has enabled us to build a comprehensive solutions matrix, creating synergy across different product lines. As a result, we can efficiently and effectively address a wide range of customer needs, gaining trust and recognition from new customers.

OEMs frequently use an initial project to validate a supplier's capabilities in technology, production and service. Once validated, the supplier's collaboration with the OEM may extend to other vehicle models. Therefore, our proficiency across different automation levels allows us to penetrate OEMs' multiple product lines. For example, in 2021, we secured a design win for a Level 2+ solution for an OEM's premium coupes. We used this initial project to demonstrate our technical capabilities, especially our ability to meet the OEM's customization requirements, and to refine our product functions swiftly and accurately. We saw this project as the first step in establishing a long-term, mutually beneficial partnership with the OEM. During this project, our team proactively worked with the OEM to explore further collaborative opportunities for other vehicle models. Our efforts bore fruit in 2023, when we obtained design wins for both Level 2 and Level 2+ solutions for a mid-size SUV model of the same OEM. Similarly, for another OEM, we secured design wins for four models through our continuous efforts, beginning with a compact crossover model (Level 2+) in 2022, followed by mid-size SUV and compact SUV models (Level 2 and 2+) in 2023 and, most recently, a new SUV model (Level 2 and 2+) in 2024.

We will continue to monitor OEMs' evolving needs for automotive driving solutions, deepen our understanding of their customization requirements throughout the development cycle, and analyze client feedback for better service delivery. Executing the incremental development strategy, we have cultivated solid, multifaceted partnerships with our customers, which will continue to be a strong foundation for our future growth.

***In-House R&D: Driving Greater Efficiency Through Efficient Chip Utilization, Development Autonomy and High Adaptability Supported by Middleware***

Our in-house R&D capabilities allow us to have greater control and flexibility in our product development cycle. Specifically, such in-house R&D capabilities enhance efficiency from the following three aspects:

- *Greater efficiency through self-developed algorithms and efficient chip utilization.* Our capability to develop algorithms in-house generally eliminates the need for procuring chips with pre-embedded algorithms. Instead, we implement our self-developed algorithms directly on chips — this allows us to customize the algorithms for real-life scenarios, allocate computing power efficiently and effectively utilize the capacity of high-performance chips. For example, we are able to provide driving-parking-integrated functions of driver confirmed lane change (DCLC) and automatic parking assistance (APA) by using only one chip with a computing power of eight TOPS, setting an industry-leading standard. In contrast, driving and parking functions in most comparable products by industry peers are controlled by two chips with an aggregate computing power of over ten TOPS.

- *Greater efficiency attributable to development autonomy.* Companies lacking in-house R&D capabilities must incorporate algorithms from external suppliers, particularly for perception, planning and control algorithms related to parking and driving. The reliance on external sources may increase the complexity of development management and potentially impact project timelines. For example, to identify, analyze and rectify a fault in the automatic braking system requires the collaboration of engineers from testing, perception, fusion and planning and control divisions. Our comprehensive in-house R&D capabilities enable us to resolve technical problems internally and eliminate the need for coordinating with external suppliers. In addition, the use of externally sourced algorithms typically involves licensing fees and additional development costs for integrating these algorithms into the overall system.

- *Greater efficiency attributable to high adaptability to different vehicle models supported by middleware.* The adaptability of our intelligent solutions to different vehicle models requires the coordination among hardware, software and algorithms. We achieve such platform compatibility by using our in-house developed middleware, which is an intermediary layer of software frameworks sandwiched between upper-level application software and lower-level computing platforms. It serves as a platform for managing, allocating and scheduling software and hardware resources. Middleware makes it easier to implement new application software or update existing application software without having to overhaul the entire system. The middleware architecture is inherently scalable, accommodating additional components or advanced functionalities as they are developed. Such scalability supports the continuous improvement and expansion of autonomous vehicle capabilities without the need for extensive redesigns.

***Cross-Domain Expertise: Maximizing Synergies of the Three Business Segments***

The automotive intelligence ecosystem includes two major pillars: individual vehicle intelligence and vehicle infrastructure cooperation. Individual vehicle intelligence empowers vehicles to independently perceive and process information from their surroundings through onboard sensors and decision-making systems, while vehicle infrastructure cooperation focuses on exchanging and sharing information between vehicles and infrastructures to enhance the perceptual and decision-making capabilities of individual vehicles. For example, the vehicle infrastructure cooperative system monitors the relative positions among various vehicles, which further allows the infrastructure platform to monitor the overall road condition and send appropriate warnings to individual vehicles. These complementary aspects contribute to the development of automotive intelligence, and our cumulative experience and technical expertise span across the relevant domains.

In the realm of individual vehicle intelligence, our footprint extends beyond intelligent driving solutions into the other key domain: intelligent cabin solutions. Unlike some industry peers that focus exclusively on autonomous driving, we believe our cross-domain expertise in both areas creates cross-selling opportunities and maximizes potential synergies. The collaboration with OEMs in developing intelligent driving solutions allows us to demonstrate our technical competence and service quality, further paving the way for us to supply intelligent cabin solutions to such OEMs. Conversely, as our new business line, our intelligent cabin solutions also enable us to penetrate into the supply chain of large OEMs, which may further drive the sales of our intelligent driving solutions. For example, our business relationship with two leading Chinese OEMs began with supplying intelligent cabin solutions. Our technological capabilities and service quality were validated through such projects and we further obtained design-wins for intelligent driving solutions from the same OEMs. Along with the development of autonomous driving technology, OEMs are exploring the potential to integrate intelligent driving and intelligent cabin functions. We believe our proficiency in providing both types of products, especially our ability to optimize the utilization of chips and other hardware resources (such as sensors) through our self-developed algorithms, gives us a competitive advantage against our peers.

Regarding the other pillar, vehicle infrastructure cooperation, we ventured into this field as we believe the advancement of automotive intelligence relies heavily on increasing information exchanges between vehicles and infrastructure. Our vehicle infrastructure cooperative system business complements our intelligent driving solutions business. On the one hand, developing vehicle infrastructure cooperative systems is a complex endeavor that demands substantial expertise in perception technologies, such as radars and cameras and various algorithms. Our intelligent driving solutions business has laid a solid technical foundation in these areas, allowing us to apply these technologies in our vehicle infrastructure cooperative systems. On the other hand, increased vehicle-to-infrastructure connectivity and interactivity empower vehicles with extended perception capabilities. This connectivity not only enhances individual vehicle performance but also facilitates a more integrated and efficient transportation ecosystem. We anticipate that vehicle infrastructure cooperative systems will be driving forces in expanding the adoption of intelligent driving technologies. This growth will be synergistic with the development of our intelligent driving and intelligent cabin businesses, driving forward the entire spectrum of automotive intelligence.

***Harnessing the Positive Industry Momentum***

Driven by continuous advancements in technology, increasing adoption of automotive intelligence technology by global OEMs, and growing consumer demand for intelligent driving functions, the automotive intelligence solutions industry, including the two pivotal segments of intelligent driving solutions and intelligent cabin solutions, is expected to experience rapid growth in the future, according to CIC. The global market size for intelligent driving solutions in terms of revenue increased from RMB107.1 billion in 2019 to RMB268.7 billion in 2023 with a CAGR of 25.9%, and is projected to increase to RMB560.9 billion in 2028 with a CAGR of 13.7% from 2024 to 2028; the market size for global intelligent cabin solutions, in terms of revenue, increased rapidly from RMB130.2 billion in 2019 to RMB321.3 billion in 2023 with a CAGR of 25.3% and is expected to reach RMB769.4 billion in 2028, at a CAGR of 17.0% from 2024 to 2028. The Chinese market size for intelligent driving solutions in terms of revenue increased from RMB17.5 billion in 2019 to RMB68.1 billion in 2023 with a CAGR of 40.5%, and is projected to increase to RMB164.2 billion in 2028 with a CAGR of 14.8% from 2024 to 2028; the market size for Chinese intelligent cabin solutions in terms of revenue increased rapidly from RMB32.9 billion in 2019 to RMB106.9 billion in 2023 with a CAGR of 34.3%, and is expected to reach RMB267.0 billion in 2028, with a CAGR of 18.2% from 2024 to 2028. See "Industry Overview—Analysis of Global and Chinese Intelligent Driving Solutions Industry" and "Industry Overview—Analysis of Global and Chinese Intelligent Cabin Solutions Industry."

With our in-house R&D capabilities and advanced intelligent mass production capabilities, we have established advantages in the automotive intelligence solutions industry. According to CIC, in 2023, we ranked seventh among all domestic intelligent driving solutions providers and ranked fourth among all emerging technology companies in China, with a market share of 0.6%, in terms of revenue of Level 0 to Level 2+ solutions. Similarly, we have also entered the vehicle infrastructure cooperative systems industry, which is expected to grow substantially in the coming years with strong PRC government policy support, fast-advancing technologies and growing demand. Benefiting from such positive industry trends, our established capabilities in this business will enable us to capture market potential and continue to grow.

***Capitalizing on Existing Design Wins for Mass Production***

As of December 31, 2021, 2022 and 2023 and June 30, 2024, we had design wins under development for 20, 36, 51 and 41 vehicle models with 14, 20, 21 and 22 OEMs, respectively, and had undertaken mass production for 22, 53, 64 and 94 vehicle models with 9, 19, 26 and 29 OEMs, respectively. This indicated strong potential for revenue growth as we gradually achieve mass production for the remaining vehicle models. Our design wins boast a high conversion rate to mass production, underscoring our strength in project execution. In the intelligent driving solutions segment, for design wins secured in 2021, 2022 and 2023, the rate of commencing mass production by the end of the Track Record Period was 96.2%, 83.9% and 50.0%, respectively; for design wins secured in 2023 and the six months ended June 30, 2024, the rate of commencing mass production by the Latest Practicable Date was 90.9% and 58.3%, respectively. In the intelligent cabin solutions segment, for design wins secured in 2021, 2022 and 2023, the rate of commencing mass production by the end of the Track Record Period was 100.0%, 100.0% and 63.2%, respectively; for design wins secured in 2023 and the six months ended June 30, 2024, the rate of commencing mass production by the Latest Practicable Date was 89.5% and 11.1%, respectively. We expect to continue to commercialize and mass produce the design-win vehicle models in our pipeline in the coming years, leading to more SOPs of and shipment demand for our solutions.

We anticipate broadening the scope of our design wins to encompass the entirety of OEMs' vehicle platforms, which are commonly used to create a range of vehicle models sharing similar components, systems and functions, thereby requiring intelligent driving solutions with similar specifications. By adopting this strategy, we expect to be able to secure a substantial volume of orders covering similar vehicle models of the OEMs. This approach will also allow us to mitigate the costs associated with developing and tailoring our solutions for each individual vehicle model. Furthermore, as our solutions become more mature and diversified to meet the various needs of customers, we are able to further deepen our business cooperation with existing customers. As a result, we can enhance our operational efficiency by streamlining our development process and delivering our solutions more quickly and effectively to achieve SOP for a larger number of vehicle models.

***Deepening Our Relationships with Existing Customers***

We expect to further enhance our relationships with existing customers. As of the Latest Practicable Date, we had accumulatively undertaken mass production for 35 OEMs. We have also established long-term relationships with many of our customers. As of the Latest Practicable Date, seven of the top 10 Chinese domestic OEMs in terms of sales volume in 2023 had chosen our solutions for their mass-produced vehicle models. We intend to capitalize on the relationships established with our existing customers to further discover and meet their needs and stay at the technological forefront of the market. Meanwhile, we are prepared for additional design win vehicle models with existing customers to further strengthen such ties for long-term customer retention and loyalty.

Leveraging our in-house developed algorithms, we are well equipped to help our customers develop customized intelligent driving functions, catering to the various needs of target markets, and in the process foster loyalty to our solutions and establish long-term business relationships. For example, we have collaborated with OEMs and developed customized intelligent driving functions under off-road scenarios, such as automatically optimizing ACC by taking considerations of various driving conditions, including paved roads, dirt roads, grass roads, snow roads, gravel roads and waded dirt roads, through providing additional power support or various sport driving modes. Based on solutions that we have developed and leveraging our core advantages, we aim to continue to serve our existing customers and extend our collaboration to other solutions. In addition, as we continually upgrade and expand our solutions, we expect that our customers will find increasing value in our solutions across driving, parking and in-cabin scenarios and apply them in more of their mass-produced vehicle models, driving our revenue growth concurrently. Furthermore, leveraging our in-house development capabilities and in-house developed middleware, we are able to quickly respond to R&D requests from existing customers from time to time with our platform-based R&D approach.

Capitalizing on the above, we believe we are able to deepen our relationship with existing customers by continually offering customized and cost-effective solutions in a responsive manner.

***Attract New Customers Through Diversification Strategy***

As a strategy we aim to foster a diversified customer base—given that many vehicle brands in China are aggressively developing their autonomous driving vehicles and there is no prediction which brands will ultimately succeed, we strategically developed business relationships with a wide range of customers to maximize our own chance of future success. To illustrate, as of December 31, 2021, 2022 and 2023 and June 30, 2024, we had design wins under development for 20, 36, 51 and 41 vehicle models with 14, 20, 21 and 22 OEMs, respectively, and had undertaken mass production for 22, 53, 64 and 94 vehicle models with 9, 19, 26 and 29 OEMs, respectively. In the six months ended June 30, 2024, we obtained design wins from five new customers, including two of top 10 domestic OEMs by sales volume, covering both intelligent driving and intelligent cabin solutions. As our solutions become more established and recognized by the markets of automotive intelligence solutions and the wider automotive industry, we expect to further expand our customer base of increasingly diverse customer groups.

In the current market dynamic, our decision-making is not primarily fixated on chasing vehicle brands or models that may be popular. Rather, we focus more on enhancing our products' technological competitiveness and adaptivity across different vehicle brands and models. For example, we continually develop and optimize our solutions that can run at high computing power efficiency and therefore adapt to more vehicle models. Benefiting from our efficient utilization of SoC computing power, our intelligent driving solutions also minimize requirements for hardware, thus offering cost-effective solutions and assisting OEM customers in their cost controls. In addition, by tailoring software in accordance with the hardware combinations pre-selected by ourselves, we have established a seamless hardware-to-software development system. We aim to attract new OEM customers by providing one-stop solutions to them, while reducing their dependency on other external parties along the industry value chain.

Meanwhile, we have been steadily increasing our brand visibility among a broad range of potential customers through press conferences, trade shows and exhibitions to announce new solutions and expand customers' awareness of existing solutions. For example, in April 2023, we participated in the Shanghai Auto Show, where we showcased our intelligent driving and intelligent cabin products in two mass-produced vehicle models. We also introduced the iPilot series, which highlighted software-hardware-integrated capabilities. This engagement led to a design win for intelligent cabin solutions with a leading new-energy OEM in May 2023, and mass production of the respective products commenced in September 2023. In July 2023, we attended an exhibition for high-tech automotive suppliers organized by a renowned state-owned OEM. We leveraged this opportunity to demonstrate the technical competitiveness of our intelligent driving and intelligent cabin solutions to the OEM's management team. This engagement resulted in one design win for our intelligent driving solutions and one design win for intelligent cabin solutions, respectively, in 2024. We attend approximately ten industry conferences and one auto show annually. According to CIC, our marketing strategies are in line with industry practice. We plan to continue enhancing our customer engagement through attending such conferences and exhibitions, and we will also use such opportunities to understand our customers' evolving needs and to improve solutions performance based on their feedback.

***Expand to New Geographies***

Currently, substantially all of our revenue is derived from China. We plan to reinforce our global footprint through strengthening our overseas sales and marketing capabilities and enhancing strategic partnerships with international leading OEMs and tier-one suppliers. We also believe that our strategic partnerships with Chinese OEMs and tier-one suppliers can turn into great revenue growth potential worldwide due to their increasing international presence. According to CIC, the global market size for automotive intelligence solutions in terms of revenue, encompassing intelligent driving solutions and intelligent cabin solutions, reached RMB589.9 billion in 2023, and is projected to increase to RMB1,330.3 billion in 2028. As the demand for advanced driving automation grows worldwide, we can capitalize on such opportunities by expanding our presence globally.

For our intelligent driving solutions, our expertise and technologies in meeting the high standards of top OEMs and tier-one suppliers in China have laid a solid foundation for further enhancing our international presence. For our intelligent cabin solutions, we are the first supplier whose intelligent cabin solutions are deployed on vehicle models of Chinese OEMs receiving a E-NCAP five-star rating and DDAW certifications, according to CIC. We aim to continue to bring our well-recognized solutions in cooperation with our customers to overseas markets, including the European Union, the UK, Australia, Southeast Asia and the Middle East.

***Refining Our Solutions***

We aim to refine our solutions and enhance the competitiveness of our solutions portfolio. For our intelligent driving solutions, our iPilot 1, iPilot 2 and iPilot 3 have achieved commercialization. Building on the success of our intelligent driving solutions, we intend to further refine our solutions to enhance our competitiveness in terms of performance, cost effectiveness and reliability. For example, we expect to launch our iPilot 4 in 2025, which is expected to be equipped with the most comprehensive set of hardware in our iPilot series and offer advanced driving and in-cabin functions.

In addition, in 2021, 2022 and 2023 and the six months ended June 30, 2023 and 2024, revenue from our intelligent cabin solutions was RMB0.7 million, RMB1.6 million, RMB18.3 million, RMB4.1 million and RMB30.5 million, respectively, representing 0.4%, 0.6%, 3.8%, 2.5% and 12.9% of our total revenue, respectively. We have achieved rapid growth in our intelligent cabin solutions by capturing the growing market opportunities. We intend to further expand our intelligent cabin solutions business by way of delivering more innovative and personalized functions for in-vehicle users, marking our efforts to capture the evolving trend.

In particular, our incremental development approach provides us with a differentiated competitive advantage, enabling us to swiftly meet customer demands and efficiently achieve scalability and mass production. Leveraging years of in-house expertise and first-hand experience in algorithm development, software engineering and hardware design, we are able to swiftly commercialize our R&D achievements and form a more flexible solutions delivery model, as well as to refine our in-house R&D capabilities through continual iteration and innovation for future expansion of our solutions.

## Improving Gross Margin

Our gross profit margin was 9.7%, 12.0%, 14.3%, 8.3% and 14.1% in 2021, 2022 and 2023 and the six months ended June 30, 2023 and 2024, respectively. While we have achieved an encouraging trend of improving margins, we will endeavor to significantly further improve our gross margin via the following measures:

### *Optimizing the Cost Structure of Our Solutions with Continuous Innovation*

Our in-house R&D capabilities serve as the foundation for comprehensive technological advancements and iterations, improving our profitability. With a proactive approach to continuously introducing advanced technologies, we are able to rapidly respond to customers' R&D requirements and provide customized solutions. Meanwhile, we are able to refine our solutions with continuous innovative R&D activities. We plan to continue to allocate resources to R&D initiatives aimed at fostering innovation. By doing so, we can flexibly and dynamically optimize software development and application, hardware design, as well as the production processes, and therefore take full control of the cost structure of our solutions, eventually improving our gross margin performance.

For example, currently, the intelligent driving solutions in the market are designed with more than one chip, including the versions before our iPilot 2 to support both driving and parking functionalities. By compressing the neural network and optimizing the software architecture, our iPilot 2 is able to support both functions on one single chip through latest technical innovations, thereby optimizing the cost structure of our solutions.

Meanwhile, leveraging our technical expertise, we have developed intelligent driving solutions with high cost efficiency. For example, by fine-tuning our algorithms, our intelligent solutions utilize the computing power of chips efficiently, making our solutions compatible with chips of relatively lower computing power and resulting in reduced costs. In addition, we refined the power supply design of our solutions, which allows us to use more cost-effective power supply components and enhance the effectiveness and reliability of the power supply system in our intelligent driving solutions.

### *Enhancing Economies of Scale with Strong Supply Chain Capabilities*

We plan to enhance our supply chain capabilities to drive cost controls. The key raw materials and components we use for our production include, among other things, automotive-grade chips, electronic components, PCBs and camera modules. During the Track Record Period, as we ramped up rapidly, our procurement needs increased accordingly, and we obtained favorable terms for the procurement of certain key raw materials and components. For example, the purchase price of the integrated circuits that we used for our intelligent driving solutions decreased by approximately 14% and 10% in 2023 and the first half of 2024, respectively, due to our increasing procurement from the relevant supplier. As our business expands, we expect to further benefit from economies of scale.

In addition, during the Track Record Period, we have also been implementing centralized procurement, a procurement method that reduces the cost of revenue by taking the advantage of our economies of scale and centralizing our procurements with certain shortlisted suppliers. We expect that the centralized procurement will increase substantially in the next few years. In addition, we will keep seeking suppliers with favorable prices and terms and broaden our supply channels to achieve lower cost of revenue. Our procurement costs of raw materials and consumables, which constitutes a primary portion of our cost of sales, accounts for 77.5%, 73.8%, 73.4%, 74.9% and 69.5% of our total revenue in 2021, 2022 and 2023 and the six months ended June 30, 2023 and 2024, respectively.

Meanwhile, we will continue to enhance our relationships with suppliers by fostering long-term partnerships and diversify our current supplier pool for stable and affordable supplies. By maintaining long-term relationships, we aim to ensure a consistent and reliable supply of raw materials and components even during periods of high demand or supply disruptions, securing our long-term profitability. Additionally, we expect to enhance our inventory and supply chain management practices to ensure that we can always maintain a reasonably adequate stock level that suits our long-term profitability.

***Improving Solutions Mix with Higher Margin Solutions and Services***

We intend to improve our gross profit margin by adjusting our solutions mix and launching additional solutions with higher margins. The production of our series of solutions launched in recent years recorded significantly higher gross profit margins than the solutions we offered in our early development stage, mainly due to the continuously improved technical content embedded in such solutions. We also expect to launch solutions and services of higher margins in the near future. For example, we expect to launch our iPilot 4 solutions, which are expected to achieve the integration of driving, parking and in-cabin functions and be equipped with the most comprehensive set of hardware in our iPilot series, in 2025. We are also developing ADS functions and expect to deliver our iRobo solutions in the first quarter of 2025, which are currently in the testing phase. Our iRobo solutions can support fully autonomous driving in specific areas and operating scenarios. In particular, benefitting from a series of favorable national and local government policies that encourage the development of autonomous driving vehicles in recent years, our iRobo solutions are well positioned to capture the sizable growth potential. We will keep allocating additional resources to R&D initiatives aimed at developing cutting-edge technologies, so that we can keep the revenue mix from such premium solutions at an optimal level, stay ahead of the competition and maintain our profitability in the long term. As we endeavor to apply the latest solutions to additional vehicle models of both our existing and new OEMs and tier-one suppliers, sales of these solutions are expected to contribute to a larger proportion of total sales, resulting in higher overall gross margin.

***Enhancing Manufacturing Efficiency with Intelligent Facilities***

In anticipation of rising order volumes in the future, we have invested significant resources in the expansion of our production base and the upgrade of our production facilities to expand our production capabilities. Initial stages of SOP are often associated with low production volume, low utilization rate and therefore high manufacturing cost per unit. As we achieve SOP for the remaining design win vehicle models and ramp up our production volume, we are expected to achieve economies of scale and enjoy lower average manufacturing costs, in particular labor costs and overheads such as depreciation and amortization. We also expect the future order flow will continue to improve the utilization rate of our production bases.

Meanwhile, we intend to improve our production capabilities and the level of automation of our production bases. In particular, to improve manufacturing efficiency, our production base will be equipped with fully automated assembly lines, intelligent packaging lines with fully automated SMT production line and DIP line to enhance the automation level of our smart production, significantly reducing labor costs and improving efficiency.

Currently, our Bao'an Production Base primarily focuses on the final three production procedures: three-proof coating, assembly and packaging. To enhance our control over the entire production process, especially the first three procedures, namely SMT, DIP and depaneling, we have established our Guangzhou Production Base. We commenced production at our Guangzhou Production Base in the third quarter of 2024. Our in-house production capabilities allow us to effectively streamline the production processes, enhance quality and productivity and decrease logistics costs. For example, the manufacturing cost of the SMT procedure decreases by approximately 20% per each processing unit when completed in-house compared with outsourcing to contract manufacturers. Also, by completing the packaging procedure in-house, we can save logistics and inspection costs and expedite the whole procedure compared with delivering the products through contract manufacturers.

Although the foregoing investments have resulted in and may continue to lead to an increase in our capital expenditure in the short term, we believe the in-house production of our solutions will allow us to simplify the supply chain and maintain a high level of cost efficiency, and in turn improve our profitability ultimately.

**Enhancing Operating Leverage**

During the Track Record Period, we incurred significant operating expenses, including research and development expenses, selling expenses and general and administrative expenses. The following table sets forth our research and development expenses, selling expenses and general and administrative expenses, as a percentage of revenue for the years/periods indicated:

| | Year ended December 31, | | | Six months ended June 30, | |
|---|---|---|---|---|---|
| | 2021 | 2022 | 2023 | 2023 | 2024 |
| | | | *(%)* | | |
| | | | | *(unaudited)* | |
| **As a percentage of revenue:** | | | | | |
| Research and development expenses | 46.9 | 49.9 | 31.5 | 49.7 | 26.7 |
| Selling expenses | 29.5 | 22.7 | 15.3 | 20.2 | 13.5 |
| General and administrative expenses | 25.9 | 19.6 | 15.6 | 18.8 | 21.2 |
| **Total operating expenses** | **102.3** | **92.2** | **62.4** | **88.7** | **61.4** |

Our operating expenses as a percentage of total revenue decreased from 102.3% in 2021 to 92.2% in 2022 and to 62.4% in 2023 and decreased from 88.7% in the six months ended June 30, 2023 to 61.4% in the six months ended June 30, 2024, primarily attributable to our enhancement of operating efficiency. We expect our operating expenses as a percentage of revenue to further decrease as we continue to ramp up our production and achieve revenue growth and improve the efficiency of our R&D, sales and marketing and administrative activities and our spending on such activities. In addition, a significant portion of such expenses was related to our employee benefit expenses and share-based payment expenses, which are less likely to increase proportionally along with our revenue growth as we scale up.

- *R&D expenses.* Our research and development expenses were RMB82.2 million, RMB139.3 million, RMB149.8 million, RMB81.4 million and RMB63.3 million in 2021, 2022 and 2023 and the six months ended June 30, 2023 and 2024, respectively, representing 46.9%, 49.9%, 31.5%, 49.7% and 26.7% of our total revenue, respectively. Our R&D expenses as a percentage of revenue increased in 2022 as compared to 2021, primarily due to the expansion of our R&D team. Our R&D expenses as a percentage of revenue decreased in 2023 as compared to 2022 and decreased in the first half of 2024 as compared to the same period in 2023, primarily attributable to the achievement in economics of scale in line with our commercialization progress and business growth. We expect to capitalize on our solid R&D foundation and highly iterative solutions development approach, to further improve the efficiency of our R&D activities.

- *Selling expenses.* Our selling expenses were RMB51.7 million, RMB63.4 million, RMB72.7 million, RMB33.1 million and RMB32.0 million in 2021, 2022 and 2023 and the six months ended June 30, 2023 and 2024, respectively, representing 29.5%, 22.7%, 15.3%, 20.2% and 13.5% of our total revenue, respectively. We expect our selling expenses to decrease as a percentage of our total revenue, leveraging our large and growing customer base to strengthen our sales and marketing network.

- *General and administrative expenses.* Our general and administrative expenses were RMB45.5 million, RMB54.8 million, RMB74.3 million, RMB30.8 million and RMB50.2 million in 2021, 2022 and 2023 and the six months ended June 30, 2023 and 2024, respectively, representing 25.9%, 19.6%, 15.6%, 18.8% and 21.2% of our total revenue, respectively. We plan to continually evaluate and monitor the effectiveness and efficiency of our administrative expenses for purposes of reducing such expenses as a percentage of our total revenue.

To maintain our leading position in technology capabilities and expand our solid customer base, we expect our operating expenses as a percentage of revenue to decrease, as we continue to ramp up our production and benefit from economics of scale, improve the productivity of our R&D activities and enhance the efficiency of our sales and marketing and administrative activities.

**Optimizing Working Capital Efficiency**

We have sufficient cash balance to support our business operations and future expansion. As of December 31, 2021, 2022 and 2023 and June 30, 2024, we had cash and cash equivalents of RMB272.8 million, RMB243.8 million, RMB197.9 million and RMB220.1 million, respectively, and financial assets at FVPL of RMB135.2 million, RMB44.6 million, RMB210.6 million and RMB120.9 million, respectively. As of October 31, 2024, we had unutilized banking facilities of RMB45.0 million. We are also proactively seeking ways to optimize our liquidity and capital management. We expect our profitability to improve and can further solidify our working capital sufficiency. In addition to the enhanced profitability, we also aim to enhance our working capital efficiency and improve our inventory turnover and receivable and payable cycles through the following measures:

- ***Inventory.*** We intend to enhance communication with customers to better understand their needs and improve our production planning capabilities accordingly. We also plan to optimize inventory management protocols for optimal inventory levels.

- ***Trade and Notes Receivables.*** We plan to reinforce collection efforts of receivables with existing customers. For new customers, we will assess their creditworthiness and financial condition before cooperation. We plan to make efforts to negotiate for better credit terms to shorten the payment cycles with our customers.

- ***Trade Payables.*** We intend to negotiate with suppliers for improved credit terms to extend the payment cycles, as we expect our bargaining power to rise as our business scales up.

As such, after taking into account the financial resources available to us, we are of the view that we have sufficient working capital for our present requirements and for the next 12 months from the date of this prospectus.

The foregoing forward-looking statements on our future revenue and profitability are based on numerous assumptions regarding our present and future business strategies and the environment in which we will operate in the future. Our business growth and long-term profitability is subject to known and unknown risks, uncertainties and other factors, some of which are beyond our control, and they may cause our actual results, performance or achievements to be materially different from any future results, performance or achievements expressed or implied by the forward-looking statements set out above. See "Risk Factors — Risks Relating to Our Business and Industry."

Based on the foregoing, our Directors are of the view, and the Joint Sponsors concur, that the efforts described above have contributed to and are expected to continue to drive and maintain the sustainability of our Group's business.

## SEASONALITY

Our results of operations of our intelligent driving and intelligent cabin solutions businesses are affected by seasonal fluctuations in demand for our solutions and solutions, as affected by market trends of the automotive industry. Given our customers in the automotive industry usually deliver more of their vehicle models towards the year end, it can have an impact on our delivery of relevant solutions in the fourth quarter of each year. Mass production by OEMs tends to be more concentrated in the second half of the year, typically peaking in the fourth quarter. According to the China Association of Automobile Manufacturers and CIC, the mass production volume and sales volume of vehicles in China were usually over 20% higher in the second half of the year compared with the first half between 2019 and 2023. According to CIC, this is due to the following reasons: (i) vehicle dealers frequently hold large-scale promotional events during the year-end season to achieve their annual sales targets and earn rewards from OEMs; (ii) customers' willingness to purchase vehicles often increases at the end of the year, when they typically receive year-end bonuses and other benefits; and (iii) the peak season for auto shows typically falls in September and October of each year. Auto shows provide consumers with direct exposure to a variety of vehicle models and typically feature special offers and promotions from dealers to stimulate sales. Our delivery of relevant solutions typically increases in the second half of the year, which is generally in line with the overall automotive industry in China according to CIC. See "Financial Information — Key Factors Affecting Our Results of Operation—Seasonality."

## COMPETITION

The Chinese automotive intelligence solutions industry is rapidly evolving and competitive. We primarily compete with existing manufacturers and new entrants in the automotive intelligence solutions sector. Although we believe that we have market-leading technology, we may face competition from a range of companies which may possess more resources and skills in design, development, manufacturing and sales. See "Risk Factors—Risks Relating to Our Business and Industry—The industry in which we operate is highly competitive. If we fail to compete successfully with our existing or potential competitors, our business, results of operations and financial condition may be materially and adversely affected."

According to CIC, in 2023, we ranked seventh among all domestic intelligent driving solutions providers and ranked fourth among all emerging technology companies in China, with a market share of 0.6%, in terms of revenue of Level 0 to Level 2+ solutions. We believe that we are strategically well positioned in our market, and we compete favorably with others based on our in-house developed core algorithms, compatible and portable technologies, software-hardware-integrated design capabilities, advanced in-house developed R&D capabilities, supply chain management capabilities and mass production capabilities to attract and retain customers and expand our market share.

## INTELLECTUAL PROPERTY

Our intellectual property rights are key to our success and competitiveness. Our intellectual property rights primarily consist of patents, trademarks and copyrights. As of the Latest Practicable Date, we had 23 trademarks, 112 copyrights, 199 patents and 5 domain names. See "Appendix VI—Statutory and General Information—B. Further Information about Our Business—2. Intellectual Property Rights."

We have formulated in-house intellectual property management rules. We also protect our intellectual property rights through a series of confidentiality non-disclosure agreements with our key employees, suppliers, outsourcing partners and other business partners. We adopt a strategic and proactive approach to manage our intellectual property portfolio. We designate dedicated personnel to handle intellectual property-related issues, including monitoring the application status of intellectual property rights and performing routine checks to prevent and identify any third-party infringement of our intellectual property rights. In particular, as part of routine checks, our dedicated personnel examine whether our business partners (especially contract manufacturers) legitimately use our self-developed intellectual property, such as algorithms. To protect our proprietary intellectual property, we only engage contract manufacturers in those activities with minimal interactions with our self-developed intellectual property, such as assembling and packaging. In addition, our dedicated personnel examine the contract terms and review all relevant documents for our business operations, including licenses and permits obtained by the counterparties to perform contractual obligations and all the necessary underlying due diligence materials, before we enter into any contract or business arrangements. Despite our precautions, we may be subject to risks associated with alleged infringement of third parties' intellectual property rights or face infringement of our intellectual property rights by third parties. See "Risk Factors — We may not be able to protect our intellectual property rights, and our ability to compete could be harmed if our intellectual property rights are infringed by third parties" and "Risk Factors — Confidentiality agreements and non-compete covenants with employees may not adequately protect our proprietary rights."

During the Track Record Period and up to the Latest Practicable Date, we had not been subject to any material infringement of our intellectual property rights or allegations of infringement by third parties.

## DATA PRIVACY AND SECURITY

Through cooperating with a qualified map maker, we utilize the driving data collected on certain public roads and parking lots for developing our intelligent driving solutions. The personal information in the driving environments are promptly desensitized and anonymized by the qualified map maker before being provided to us in the form of images. We also collect in-cabin data from our employees upon their confirmation or through in-cabin data service partners for our R&D purposes of intelligent cabin solutions. We do not collect any information through our customers and intelligent driving solutions, intelligent cabin solutions and vehicle infrastructure cooperative systems that have been deployed. As our customers are primarily OEMs and tier-one companies rather than individual consumers, we generally do not directly collect and process any personal data of vehicle owners, or any data collected during the operation of vehicles installed with our solutions. In addition, we may collect necessary customer information when our customers enter into a cooperative arrangement with us. We store the data collected and generated in the course of business operations in Chinese mainland without involving cross-border data transmission. The data storage period of our data storage system is as follows: (i) for data with a minimum storage period specified by law, storage is carried out in accordance with the requirements; and (ii) for data with no storage period specified by law, we determine the storage period in accordance with our business strategy. Our Directors are of the view that the Company is able to comply with the relevant cybersecurity laws and regulations in all material aspects.

Data security and protection are among our highest priorities. In this regard, we have designed strict data protection and information security policies to ensure strict compliance with applicable laws, regulations and prevalent industry practice. We have implemented internal policies on protecting data privacy and security, with the purpose to ensure data and information security, optimize data governance, protect the benefits of our customers, business partners, employees and other third parties, and ensure compliance with all applicable laws and regulations. We implement a robust internal authentication and authorization system to ensure that our confidential and important business data and trade secrets can only be accessed for authorized use and by authorized personnel. We have established an information system in relation to data security requirements, national standards and industry best practices, and intend to continually invest heavily in data security and privacy protection. Our information system applies multiple layers of safeguards, including both internal and external firewalls, to identity and protect us against security attacks.

During the Track Record Period and up to the Latest Practicable Date, we have not received any claim from any third party against us on the ground of infringement of any third party's right to data and privacy protection as provided by any applicable laws and regulations in the PRC or other jurisdictions. Our PRC Legal Advisor is of the view that, during the Track Record Period, we had complied with the applicable laws and regulations in effect in material respects, based on: (i) we have not received any complaint relating to data privacy or security measures; (ii) we have implemented internal policies on protecting data privacy and security, with the purpose of ensuring data and information security and ensuring compliance with all applicable laws and regulations; (iii) during the Track Record Period, there had been no material incident of data or personal information leakage; (iv) during the Track Record Period, there had been no investigation, legal proceeding or administrative penalty relating to the violation of relevant network security, data security and personal information protection laws or regulations, to our best knowledge, pending or threatened against us initiated by competent government authorities or third parties; and (v) we will continue to pay close attention to the regulatory developments in data security and comply with the latest regulatory requirements.

## COMPLIANCE WITH REGULATIONS ON THE U.S. CHIP EXPORT RESTRICTIONS

For details of the U.S. Chip Export Restrictions, see "Regulatory Overview— Regulations on the Import and Export of Goods—The United States." In 2021, 2022, 2023 and the six months ended June 30, 2024, the amount of semiconductors incorporated into the Group's solutions that were sourced from the U.S. was approximately RMB52.1 million, RMB14.4 million, RMB21.9 million and RMB9.6 million, respectively, representing 20.9%, 5.3%, 5.6% and 6.7% of the total amount of semiconductors procured during the same period. Aware of the U.S Chip Export Restrictions, we gradually reduced the use of semiconductors sourced from the U.S. and formulated plans to replace such semiconductors with semiconductors sourced from PRC or other countries.

As advised by our Legal Advisor as to U.S. export control laws, during the Track Record Period, (i) our customers are not designated on BIS' Entity List, Denied Persons List or Unverified List or headquartered in or ordinarily resident in, or owned or controlled by a government of, any countries or regions subject to Comprehensive Trade Embargos (collectively, the "**Sanctioned Targets**")); and (ii) our activities do not involve operations or transactions that have violated or would violate (a) the restrictions on Sanctioned Targets; and (b) the EAR restrictions on the end-uses set forth in the U.S. Chip Export Restrictions.

Our Directors are of the view that the restrictions imposed by the EAR, including the BIS 2022/23 IFRs, had not negatively impacted our operations or financial performance as of the Latest Practicable Date. Given that as of the Latest Practicable Date, we did not sell our products to customers in the United States or to customers who incorporated them into products for sale to the United States to our best knowledge, and do not intend to actively develop our business in the United States as a major market in the future, our Directors are of the view that the impact of the proposed rules prohibiting the importation of certain vehicles into the U.S. is minimal on our operations.

On such basis and having taken into account the view and analysis of our Legal Advisor as to U.S. export control laws, nothing material has come to the attention of the Joint Sponsors as a non-legal expert that would cause the Joint Sponsors to disagree with the Directors' view above.

## EMPLOYEES

As of June 30, 2024, we had 496 full-time employees, all of whom were based in the PRC. The table below sets forth the number of our employees by function as of June 30, 2024:

| | As of June 30, 2024 | |
|---|---|---|
| | *Number* | *%* |
| **Function** | | |
| R&D | 304 | 61.3 |
| Management and administration | 67 | 13.5 |
| Sales and marketing | 65 | 13.1 |
| Supply and production | 60 | 12.1 |
| **Total** | **496** | **100.0** |

We recruited employees primarily through employment websites, on-campus recruitment and internal referrals during the Track Record Period. We enter into standard labor contracts with our employees and confidentiality and non-compete agreements with key management and professionals. We emphasize the importance of training and development for our employees to enhance their technical skills and overall performance. We provide induction training to new joiners on our culture, business and industry to help them to fit in. We also provide tailored, continuing training sessions by internal and external experts to employees to improve technical skills in their practice areas and management skills training programs, including leadership training, to cadres in key positions. Committed to providing fair and equal opportunities to our employees, we have formulated career development and promotion path plans covering all levels of our staff and conduct performance evaluations regularly. As part of our retention strategy, we offer competitive remuneration packages to employees, including salary and allowances, performance-based bonuses and long-term incentive programs, including, but not limited to, an employee stock ownership plan for managers, high-potential talent and key technical professionals. We have established periodical review system to assess the performance of employees, which forms the basis of our decisions with respect to salary increases and promotions.

As required by laws and regulations in China, we participate in various employee social security plans that are organized by municipal and provincial governments, including, among other things, pensions, medical insurance, unemployment insurance, maternity insurance, on-the-job injury insurance and housing fund plans through a benefit contribution plan. We are required under PRC law to make contributions to employee benefit plans at specified percentages of the salaries, bonuses and certain allowances of our staff, up to a maximum amount specified by the local government from time to time.

We have always striven to provide our employees with comprehensive social benefits, a diverse working environment and a wide range of career development opportunities. We are committed to providing a safe and healthy workplace, which is backed by strict policies, robust team member education and safety recognition awards, along with continued investments in technology. We support the physical health and well-being of our team members by providing an array of programs that help our people stay at their best level of health. We believe that everyone deserves respect. We are committed to the education, recruitment, development and advancement of diverse team members nationwide, and are recognized for our commitment to those efforts.

We believe that we generally maintain good working relationships with our employees. Save as disclosed in this prospectus, we did not experience any significant labor disputes or any difficulty in recruiting staff for our operations during the Track Record Period.

**Social Insurance and Housing Provident Funds**

***Background and Reasons for Non-compliance***

During the Track Record Period, we had not made social insurance and housing provident fund contributions for some of our employees in full, and certain of our subsidiaries engaged third-party human resource agencies to pay social insurance premiums and housing provident funds for certain of our employees in certain locations where they work.

*Engagement of Third-Party Human Resource Agencies for Contribution of Social Insurance and Housing Provident Funds*

As of December 31, 2021, 2022 and 2023 and June 30, 2024, we used third-party agencies to pay social insurance and housing provident fund for 62, 48, 24 and 13 employees, respectively.

We engage third-party agencies to pay social insurance and housing provident funds primarily because some of our employees working in different cities across the nation prefer their social insurance and housing provident funds to be paid at their respective resident places for convenience of utilizing such benefits locally. Therefore, we made such arrangements for those employees in cities where we do not have legal entities.

*Failure in Making Full Contributions of Social Insurance and Housing Provident Fund*

As of December 31, 2021, 2022 and 2023 and June 30, 2024, we had failed to pay social insurance in full for 389, 517, 527 and 486 employees, respectively. As of December 31, 2021, 2022 and 2023 and June 30, 2024, we had failed to pay housing provident fund in full for 265, 341, 331 and 280 employees, respectively.

The failure to make full contributions of social insurance and housing provident funds was primarily because (i) certain employees were unwilling to pay the social insurance and housing provident funds in full as it requires additional contributions from them; or (ii) our human resources personnel did not fully understand the relevant requirements of the relevant PRC laws and regulations.

***Legal Consequences***

*Social Insurance*

According to the Social Insurance Law, if an employer engages third-party human resource agencies to pay the social insurance premiums or fails to make social insurance contributions in full, the relevant authorities could order the employer to pay, within a prescribed time limit, the outstanding amount with an additional late payment penalty at the daily rate of 0.05%, and if the employer fails to make the overdue contributions within such time limit, a fine equal to one to three times the outstanding amount may be imposed. Our shortfall amount of social insurance contributions was estimated to be RMB7.1 million, RMB12.8 million, RMB10.8 million and RMB4.7 million in 2021, 2022, 2023 and the six months ended June 30, 2024, respectively.

According to the Urgent Notice of the General Office of the Ministry of Human Resources and Social Security on Implementing the Spirit of the Executive Meeting of the State Council in Stabilizing the Collection of Social Security Contributions (人力資源和社會保障部辦公廳關於貫徹落實國務院常務會議精神切實做好穩定社保費徵收工作的緊急通知) promulgated on September 21, 2018, all local authorities responsible for the collection of social insurance are strictly forbidden to conduct self-collection of historical unpaid social insurance contributions from enterprises. During the Track Record Period, no material administrative action, fine or penalty had been imposed by the relevant regulatory authorities with respect to our social insurance, nor had we received any order or been informed to settle the under-contributions. As advised by our PRC Legal Advisor, on the basis that (i) the applicable laws and regulations and the execution and supervision requirements of local government do not materially change, and (ii) we do not receive any complaints from our employees, the likelihood that we will be subject to a material administrative penalty by the relevant competent social insurance authorities and be required to pay the outstanding amount is remote. As such, our Directors believe that such non-compliance would not have a material and adverse effect on our business and results of operations.

*Housing Provident Funds*

According to the Housing Provident Fund Management Regulations, if the employer engages third-party human resource agencies to pay the housing provident funds or fails to register and establish an account for housing provident funds, the authority could order the employer to correct it within a prescribed time limit, where failure to do so at the expiration of the time limit shall results in a fine of not less than RMB10,000 nor more than RMB50,000 being imposed. Where an employer is overdue in the payment and deposit of, or underpays, the housing provident funds, the authority could order it to make the payment and deposit within a prescribed time limit, and where the payment and deposit has not been made after the expiration of the time limit, an application may be made to a People's Court of the PRC for compulsory enforcement. Our shortfall amount of housing provident fund contributions was estimated to be RMB2.2 million, RMB4.3 million, RMB2.6 million and RMB0.7 million in 2021, 2022, 2023 and the six months ended June 30, 2024, respectively.

Pursuant to the consultations with and confirmations from competent authorities as advised by our PRC Legal Advisor, during the Track Record Period, no material administrative action, fine or penalty had been imposed by the relevant regulatory authorities with respect to our housing provident fund contributions, nor had we received any order or been informed to settle the under-contributions. As advised by our PRC Legal Advisor, on the basis that (i) the applicable laws and regulations and the execution and supervision requirements of local government do not materially change, and (ii) we do not receive any complaints from our employees, the likelihood that our Company and the subsidiaries that have obtained written certificates of compliance from the relevant competent housing provident funds departments are required to pay the outstanding amount and be subject to a material administrative penalty by the relevant competent housing provident fund authorities is remote. As such, our Directors believe that such non-compliance would not have a material and adverse effect on our business and results of operations.

As a result, in 2021, 2022 and 2023 and the six months ended June 30, 2024, we did not make provisions in respect of the estimated shortfall in social insurance plans and housing provident fund contributions. See "Risk Factors—Failure to make adequate contributions to various employee benefit plans as required by PRC regulations may subject us to penalties."

***Internal Control and Remedial Measures***

We have taken the following internal control measures to prevent future occurrences of such non-compliance:

- *Human Resource Management Policies*. Enhance our human resources management policies, which explicitly require social insurance and housing provident fund contributions to be made in full in accordance with applicable local requirements.

- *Training*. Strengthen the training of our personnel, including training on various compliance-related topics for our employees;

- *Increasing awareness of developments in the law*. Regularly keep abreast of the latest developments in PRC laws and regulations relating to social insurance and housing provident funds;

- *Internal control measures*. Establish an internal control team to monitor our ongoing compliance with the social insurance and housing provident fund contributions regulations and oversee the implementation of any necessary measures; and

- *Consultation*. Consult our PRC legal counsel on a regular basis for advice on relevant PRC laws and regulations to keep us abreast of relevant regulatory developments; and actively communicate with relevant social insurance and housing fund local authorities to ensure we have the most updated information about the relevant laws and regulations concerning social insurance and housing provident fund.

Going forward, we will continue to implement the above measures to ensure we are in compliance with the social insurance and housing provident fund contributions requirements under the relevant laws and regulations and undertake to make timely payments for the outstanding amount and overdue charges under our own accounts as soon as requested by the relevant authorities. We aim to rectify the non-compliance of failure to make full contribution of social insurance and housing provident funds within one year of the Listing. We plan to take rectification measures to reduce the instances of payment of social insurance premiums and housing provident funds through third-party human resource agencies by setting up subsidiaries at relevant locations. We aim to cease the payment through third-party agencies by June 30, 2025. In addition, we will proactively communicate with the relevant local authorities to keep up to date with the applicable laws and regulations concerning social insurance and housing provident funds. We will also communicate such updates with our employees to allow them to better understand the relevant laws and regulations, increasing their understanding of the regulatory requirements so as to enhance our compliance with the applicable laws and regulations.

## INSURANCE

We consider our insurance coverage to be adequate as we have in place all the mandatory insurance policies required by Chinese laws and regulations and, according to CIC, in accordance with the commercial practices in the industries in which we operate. We procure insurance policies by type and amount that we consider sufficient and evaluate such insurance policies from time to time. During the Track Record Period, we did not make any material insurance claims in relation to our business. However, we may not be able to obtain or purchase specific insurance for losses and liabilities arising from various operational risks to which we are exposed. As of the Latest Practicable Date, we had not maintained product liability insurance, and did not maintain any business interruption or litigation insurance. We shall be liable for any losses caused to customers in the event that a product defect or malfunction leads to a traffic accident and/or product recall. See "— Our Customers—After-Sale and Warranty." See "Risk Factors—Risks Relating to Our Business and Industry—Our insurance coverage may not be sufficient to cover all losses or potential claims by our customers which would affect our business, results of operations and financial condition."

## IMPACT OF THE COVID-19 PANDEMIC AND THE GLOBAL SHORTAGE OF SEMICONDUCTOR CHIPS

On January 30, 2020, the International Health Regulations Emergency Committee of the World Health Organization declared the COVID-19 outbreak a public health emergency of international concern, and on March 11, 2020, the World Health Organization declared the global COVID-19 outbreak a pandemic. The COVID-19 virus continued to spread rapidly worldwide in 2022. Furthermore, a global supply shortage from late 2021 to the second half of 2022 resulted in the supply crunch of semiconductor chips. According to CIC, the average selling price of commonly used chips for intelligent driving solutions rose to RMB351.6 per unit in 2022 from RMB307.9 per unit in 2021, reflecting a year-on-year increase of 14.2%. In anticipation of the supply crunch, we procured and maintained a relatively high level of semiconductor chips inventory in 2021 to avoid disruption to our production. By the end of the Track Record Period, 95.1% of the semiconductor chips we procured in 2021 had been utilized. In 2021, 2022 and 2023 and the six months ended June 30, 2024, our procurement cost of chips contributed to 35.0%, 11.3%, 12.9% and 14.9% of our total procurement cost, respectively. However, neither the COVID-19 pandemic nor the global shortage of semiconductor chips had any material adverse impact on our operations and financial performance during the Track Record Period and up to the Latest Practicable Date, primarily taking into consideration that (i) we had not experienced any difficulty in securing sufficient and prompt chip supplies, (ii) we had not experienced significant increases in our cost of sales, (iii) there was no suspension to our or our contract manufacturers' production facilities due to the COVID-19 pandemic, and (iv) we had not experienced any material labor shortage, as a result of the COVID-19 pandemic or the supply crunch of semiconductor chips. Based on their current best knowledge and belief, our Directors do not anticipate any further impact from COVID-19 or supply crunch of semiconductor chips going forward. Our cost of sales primarily represents procurement costs of raw materials and consumables, which accounted for 77.5%, 73.8%, 73.4%, 74.9% and 69.5% of our total revenue in 2021, 2022 and 2023 and the six months ended June 30, 2023 and 2024, respectively. As of the Latest Practicable Date, according to CIC, the global supply of semiconductor chips had returned to normal.

## ENVIRONMENTAL, SOCIAL AND GOVERNANCE

We believe that our continuous growth also depends on integrating social values into our business. We are committed to utilizing our technologies and solutions to bring greener and safer driving experiences to drivers and passengers. We have put in place various Environmental, Social and Governance ("**ESG**") initiatives to comprehensively improve our corporate governance for the benefit of society.

**ESG Governance**

Our ESG management structure consists of three layers: the Board, the Strategy Committee under the Board and a working group in charge of implementing our ESG policies.

- **Board**: primarily responsible for setting the ESG development direction, strategies and objectives, reviewing and approving our Company's ESG management framework, ESG reports and major matters related to ESG.

- **Strategy Committee under the Board**: mainly responsible for researching, analyzing and evaluating matters related to ESG, guiding the daily implementation of ESG work and the preparation of ESG reports. At the same time, the Strategy Committee has designated an ESG working group as the execution unit for our ESG matters.

- **ESG Working Group**: led by the Board Secretary, the ESG Working Group is primarily responsible for: (i) formulating our ESG strategies, objectives, plans and related policies and submitting them to the Strategy Committee for review and approval, (ii) developing our annual ESG work plans, collecting information about the progress of our ESG work and reporting to the Strategy Committee, and (iii) coordinating the various business functions of our Company in setting ESG management indicators and detailed ESG measures and tracking the progress of the execution of such indicators and measures, among other things.

We also engage external ESG experts to provide professional advice on our ESG work as needed.

**Compliance with Regulations**

We are required to comply with the evolving and increasingly stringent ESG-related laws and regulations. During the Track Record Period, we had not been involved in any significant accident or claim for personal or property damage made by our employees, or, as advised by our PRC Legal Advisor, been subject to any material fines or other penalties due to non-compliance with ESG-related laws and regulations, which had materially and adversely affected our financial condition or business operations.

We may be subject to more stringent compliance requirements and may incur additional costs in the future if there is any change to the existing laws or regulations. See "Regulatory Overview" and "Risk Factors" for more details.

***Environmental Laws and Regulations***

We are subject to extensive air, water and other environmental laws and regulations in PRC. For example, we are subject to environmental regulations such as the Environmental Protection Law of the PRC (《中華人民共和國環境保護法》), the Energy Conservation Law of the PRC (《中華人民共和國節約能源法》), the Water Law of the PRC (《中華人民共和國水法》), the Water Pollution Prevention and Control Law of the PRC (《中華人民共和國水污染防治法》), and the Law of the PRC on Prevention and Control of Environmental Pollution by Solid Waste (《中華人民共和國固體廢棄物污染環境防治法》). Government agencies that are charged with enforcing these laws and regulations generally have the authority to inspect our facilities at any time.

We are also dedicated to reducing environmental impact throughout our production process. We implement various environmental protection-related policies, including monitoring and measuring the discharge of wastes on a regular basis and evaluating the effectiveness of such monitoring and measuring activities on an annual basis.

***Social Laws and Regulations***

We are committed to fulfilling our social responsibilities and high standards of corporate governance. We are required to comply with various PRC laws and regulations relating to product safety and quality, labor management and occupational health and safety, including, but not limited to, the PRC Product Quality Law (《中華人民共和國產品質量法》), the Cybersecurity Law of the PRC (《中華人民共和國網絡安全法》), the Data Security Law of the PRC (《中華人民共和國數據安全法》), the Personal Information Protection Law (《中華人民共和國個人信息保護法》), the Labor Law of the PRC (《中華人民共和國勞動法》), the Labor Contract Law of the PRC (《中華人民共和國勞動合同法》) and the Production Safety Law of the PRC (《中華人民共和國安全生產法》).

We are also committed to complying with the regulatory requirements in the PRC to prevent and minimize hazards and risks associated with our business. We have put in place various internal systems related to social responsibility with the aim of continuously optimizing our sustainable supply chain to provide safe and reliable products and services to our customers, while ensuring the health and safety of our employees and the surrounding communities.

### Recognition of ESG Key Issues

The identification, assessment and prioritization of ESG issues helps us to understand sustainability and thus further improve the efficiency of the Company's ESG practices. During the Track Record Period, we conducted the materiality assessment of ESG key issues, the process of which is described below:

- **Step 1 — Identification**: In accordance with HKEX "Guide for New Listings Applicants—4.3 Corporate Governance and Environmental, Social and Governance" and the "Environmental, Social and Governance Reporting Guidelines", while taking into account our own circumstances and the development trends of the industry in which we operate, we have identified and set out the ESG issues that are of strong relevance to us.

- **Step 2 — Assessment**: We have engaged external ESG experts to conduct benchmarking with peers and provide professional advice and guidance to assist us in assessing the significance of each of the ESG issues identified, and then proceed to prioritize them.

- **Step 3 — Confirmation**: The ESG Working Group reviewed the results of the above prioritization and ultimately confirmed the ESG key issues that have significant impacts on our sustainable development.

The ESG key issues identified as a result of the above steps are as follows:

- **Environmental Responsibility**: energy management, water resource management, emissions management, responding to climate change

- **Social Responsibility**: product safety & quality, supply chain management, labor management, occupational health & safety

### ESG Strategic Objectives and Targets

As an enterprise with a high sense of social responsibility, our products are already born with an ESG-related nature. Our intelligent driving products can not only optimize routes through intelligent planning and improve energy efficiency while driving, but also effectively reduce the probability of traffic accidents through algorithm integration and protect the lives of drivers and passengers.

Based on the actual situation of our business operations, we have also established ESG strategic objectives and targets with practical significance, mainly covering three major aspects, namely quality, environment and occupational health & safety. We strive to continuously implement a sustainable development path, and the detailed strategic objectives are as follows:

- **Quality strategic objectives**: safe and reliable, continuous improvement, risk-based mindset; customer satisfaction, employee satisfaction, win-win situation with suppliers.

- **Environmental strategic objectives**: comply with laws and regulations, raise awareness of environmental protection, promote energy-saving production, provide environmentally friendly products.

- **Occupational Health & Safety strategic objectives**: full participation, prevention-oriented, safety and health, compliance with laws and regulations, continuous improvement.

We have defined quantitative targets for the above three aspects and regularly monitor our performance through internal systems such as the "Inspection and Control Procedures" and the "Environmental Safety Monitoring and Measurement Procedures", so as to assess the implementation of the above strategic objectives and ensure that they are effectively carried out, while meeting the actual needs of the enterprise's own development. Our ESG targets are summarized below:

- **Quality targets**: Customer satisfaction score no less than 85.

- **Environmental targets**: 100% compliant disposal of wastes. By 2033, we expect to reduce our energy consumption intensity and greenhouse gas emission intensity by 5% and water withdrawal intensity by 2%, compared to the 2023 baseline.

- **Occupational Health & Safety targets**: Zero fire accident and zero accidental injury.

**Risk Management and Internal Control**

We have established a comprehensive risk management system and formulated the "Risk Management System." Our risk management process consists of the following key processes: gathering initial risk management information, risk assessment, developing risk management strategies, risk response and control and risk monitoring and improvement. The Board is responsible for assessing and determining the nature and extent of risks, when considering to achieve its strategic objectives. The Board is also accountable for establishing and maintaining an appropriate and effective risk management and internal control system.

We incorporate ESG risks into our overall risk management mechanism, including, energy consumption, water withdrawal and greenhouse gas emissions. We collect important information related to sustainability KPIs in a timely manner. While we also see "waste" as a significant ESG-related KPI, our waste production is collected and disposed of by a qualified third party, and we find it difficult to track its weight. Yet we strive to achieve 100% compliant disposal of our waste, and have not been subject to any material fines or other penalties due to non-compliance with waste disposal. ESG factors are integrated into our business operations to accommodate management and response in this regard. The Board also conducts regular annual reviews to ensure that ESG risk management resources are adequately budgeted.

We have developed an internal control policy to monitor and respond to a range of operational, financial, legal and market risks that may be or have been identified, which cover substantive ESG issues. We have established a dedicated risk management and internal control team responsible for developing the internal control policy, conducting internal audits to provide internal control advice, and directing any necessary corrective actions.

**Environmental Responsibility**

We always regard green and sustainable development as our own responsibility, and are committed to minimizing the impact of our operations on the environment. We have already been certified with ISO 14001 Environmental Management System, and the effective guidelines and workflow of such management system are detailed in internal policy documents such as the "EHS (Safety, Environment and Health) Management System" and the "Quality, Environment and Occupational Health and Safety Management Manual." Our employees strictly enforce and implement the relevant systems to improve environmental practices and energy efficiency, and to ensure the compliant discharge of waste water and solid waste.

Meanwhile, against the intensifying global climate change, we have continued to promote the identification of risks associated with climate change and actively adopted measures to address them. We are also aware of the opportunities that may arise from global climate change, and continue to implement and explore sustainable development paths, with the expectation to realize long-term business growth while maintaining our competitive edge in the market.

***Energy Management***

Purchased electricity is the main energy source that we use during operation, while some of our test vehicles also use gasoline and diesel as fuel. We strictly comply with the relevant laws and regulations of our operating locations, including but not limited to the Energy Conservation Law of the PRC, and have specified the requirements of electricity conservation in our "Employee Handbook." Without affecting the growth of our business, we will continue to optimize our energy structure and improve the efficiency of our energy use, while making every effort to achieve the goal of energy conservation and carbon emission reduction.

We are actively promoting the purchase and use of green electricity. In 2023, green electricity accounted for 50% of the electricity used in our production plants. We have also set a clear quantitative target to use 100% green electricity in our production plants by 2025, through purchasing green certificates and installing photovoltaic modules, thereby helping China achieve carbon peak and carbon neutrality goals.

In addition, we prioritize the purchase of equipment and products with obvious energy-saving effects and relatively low energy consumption under the same conditions, and include energy-saving and environmental protection in the training of our employees. For example, we require our staff to turn off lights and air-conditioners before leaving the office and keep the temperature of the air-conditioning system within a reasonable range. We also send out e-reminders to our employees on a regular basis to enhance their awareness of energy saving and create a green corporate atmosphere. At the same time, we analyze electricity consumption on a monthly basis, and once any anomaly is detected, repair work will be carried out immediately to avoid wasting energy resources.

During the Track Record Period, our energy consumption and intensity are as follows:

| | Unit | 2021 | 2022 | 2023 | Six months ended June 30, 2024[3] |
|---|---|---|---|---|---|
| Purchased electricity[1] | MWh | 586.87 | 764.58 | 1,291.99 | 996.69 |
| Of which: Green electricity | MWh | 0.00 | 12.00 | 50.12 | 73.41 |
| Total energy consumption[2] | MWh | 735.37 | 927.69 | 1,433.03 | 1,088.52 |
| Energy consumption intensity | MWh/million revenue RMB | 4.20 | 3.32 | 3.01 | 4.59 |

1. Several of our offices do not pay for electricity alone, and relevant expenditure is usually included in the management fee paid to properties. Some of the numbers for the "purchased electricity" indicator thus involve estimation.

2. Besides purchased electricity, we also consume gasoline and diesel as fuel for test vehicles. They are included in the "total energy consumption."

3. Our energy consumption increased in the six months ended June 30, 2024 because of the construction of our Guangzhou Production Base.

***Water Resource Management***

We have always attached importance to the management of water resources and strictly comply with the Water Law of the PRC and other relevant laws and regulations of the places where we operate. We have made clear the requirements for water conservation in our "Employee Handbook." In addition to the water used for the daily lives of our employees, the cleaning process in the production of our products also involves the use of water resources. The water-based cleaning machines we have selected have an internal recycling structure, which, through the stripping of pollutants by filtration devices, can realize the recycling of both cleaning fluid and water, and thus significantly reduce the cost while effectively improving the efficiency of resource use.

At the same time, we analyze water consumption on a monthly basis, and once any anomaly is detected, we will carry out investigations immediately to eliminate leakage in a timely manner. We also regard the publicity of water conservation awareness as an important part of water conservation work, and have posted relevant slogans and posters in production plants, dormitories, etc., with the aim of emphasizing the importance of water conservation to employees and constructing an overall water conservation culture in the enterprise.

All the water resources we use are from municipal water supply. During the Track Record Period, we did not encounter any difficulty in obtaining water sources, and our water extraction and intensity are as follows:

| | Unit | 2021 | 2022 | 2023 | Six months ended June 30, 2024 |
|---|---|---|---|---|---|
| Water withdrawal[1] | $m^3$ | 1,283.73 | 1,561.41 | 1,473.41 | 549.71 |
| Water withdrawal intensity | $m^3$/million Revenue RMB | 7.33 | 5.59 | 3.09 | 2.32 |

1. Several of our offices do not pay for water alone, and relevant expenditure is usually included in the management fee paid to properties. Some of the numbers for the "water withdrawal" indicator thus involve estimation.

***Waste Management***

During the Track Record Period, our waste mainly consisted of domestic wastewater and general solid waste, and did not involve the production and discharge of industrial wastewater, hazardous waste or waste gas. We strictly comply with the Water Pollution Prevention and Control Law of the PRC, the Law of the PRC on Prevention and Control of Environmental Pollution by Solid Waste and other relevant laws and regulations in the places where we operate, and have established and implemented stringent internal management procedures, such as the "Procedures for Environmental Safety Monitoring and Measurement."

Our domestic wastewater is discharged through municipal pipes and disposed of in wastewater treatment plants. For general solid waste, we have it collected by a qualified third party. At the same time, we encourage our employees to conduct office work and meeting activities online as much as possible, operate most of our business digitally, and utilize cloud services to reduce the consumption of paper and other office supplies. Integrating the concept of "efficiency as the basis" into our corporate culture, we take practical actions to reduce the generation of waste.

***Responding to Climate Change***

Climate change has become one of the most talked about issues in the world. As a company that puts main emphasis on sustainable development, we are always concerned about such issue. While actively identifying climate-related risks, we are also committed to capitalizing on the opportunities brought about by climate change and contributing to the mitigation of global climate change.

During the Track Record Period, the total volume and intensity of our Scope 1 and Scope 2 GHG emissions are as follows:

| | Unit | 2021 | 2022 | 2023 | Six months ended June 30, 2024 |
|---|---|---|---|---|---|
| Scope 1 GHG emissions[1] | tCO2e | 36.96 | 40.72 | 35.27 | 23.02 |
| Scope 2 GHG emissions[2] | tCO2e | 334.69 | 429.20 | 708.24 | 526.55 |
| Total GHG emissions (Scope 1 + Scope 2) | tCO2e | 371.65 | 469.02 | 743.51 | 549.57 |
| GHG emission intensity (Scope 1 + Scope 2) | tCO2e/RMB million Revenue | 2.12 | 1.68 | 1.56 | 2.32 |

1. Scope 1 GHG emissions come from the usage of gasoline and diesel, and the carbon dioxide emission factors mainly refer to the Requirements of the Greenhouse Gas Emissions Accounting and Reporting – Public Building Operating Organization (Enterprise) (《公共建築運營企業溫室氣體排放核算方法和報告指南》).

2. Scope 2 GHG emissions are generated from the usage of purchased electricity, and the carbon dioxide emission factor mainly refer to the Notice on the Management of Greenhouse Gas Emission Reports for Enterprises in the Power Generation Industry from 2023 to 2025 (《關於做好2023-2025年發電行業企業溫室氣體排放報告管理有關工作的通知》).

We initiated statistical and accounting work on greenhouse gas emissions data, and extended it to the dimension of Scope 3, covering part of the employee travel (transportation), as well as upstream GHG emissions from purchased electricity (not included in Scope 1 and Scope 2) in 2023. In 2023, the total amount of Scope 3 GHG emissions due to the above activities was 678.35 tons of carbon dioxide equivalent. In the future, we plan to further expand the scope of statistics and measurement of Scope 3 GHG emissions, so as to better carry out the control of GHG emissions and related information disclosure.

**Social Responsibility**

We actively fulfill our social responsibilities by identifying and focusing on supply chain management, human resources management and occupational health and safety.

***Supply Chain Management***

To manage ESG risks in the supply chain, we require our suppliers to comply with our ESG requirements. For example, in the supplier quality contract, we explicitly require suppliers to comply with the EICC (Electronic Industry Code of Conduct), as well as legal and regulatory requirements related to safety, reliability, hazardous substance restrictions, conflict minerals, environmental protection and energy conservation and social responsibility. In addition, the integrity agreement expressly prohibits bribery and other unethical behavior.

In order to build a more sustainable and resilient supply chain, we have been actively pursuing a local sourcing strategy with a view to reducing the logistic and transportation distance and the resulting greenhouse gas emissions. As of the Latest Practicable Date, approximately 85% of qualified suppliers were located in the Pearl River Delta region, and approximately 50% of our non-Pearl River Delta suppliers have set up warehousing facilities in the Pearl River Delta region.

***Human Resources Management***

We strictly comply with the rules and regulations in the places of operation regarding recruitment and dismissal, compensation and promotion, employee working hours, equal opportunities, anti-discrimination, diversity, working hours, holidays and other benefits, including but not limited to the Labor Law of the PRC (《中華人民共和國勞動法》) and the Labor Contract Law of the PRC (《中華人民共和國勞動合同法》). In accordance with these regulations, we have established a comprehensive labor management system and are committed to building a diverse, equal and inclusive work environment for our employees.

We have formulated and implemented internal policy documents such as the "Recruitment Management Regulations" (《招聘管理辦法》) to standardize the recruitment process and strive to build a team composed of employees of different backgrounds and personalities, without discriminating between job seekers on the basis of their race, religion, gender, pregnancy status or disability. We follow the principles of fairness, justice, lawfulness and compliance in signing labor contracts with our employees, and we strictly check their personal identification documents when they join us to avoid any inadvertent recruitment of child labor.

We also support the career development of female employees and ensures that both female and male employees enjoy the same opportunities for development and advancement in the workplace through transparent and fair recruitment, promotion and performance evaluation processes. After the Listing, we will continue to enhance and strive to achieve gender balance of the Board in accordance with the Board Diversity Policy through certain initiatives implemented by the nomination committee.

We emphasize talents cultivation and long-term career development, and have formulated internal system documents such as the "staff training management procedures." We provide diversified and extensive internal and external training opportunities tailored to the specific needs of our employees. Our goal is to offer paths for employees to enhance their vocational skills, fostering a corporate culture that values continuous learning. In order to ensure the orderly implementation of training, the human resources department annually formulates the overall training plan for the following year in December. Each departments then formulate their own detailed training plans after identifying their personnel improvement needs, with regularly tracking by the human resources department.

In order to establish a more harmonious, warm and happy working atmosphere, we regularly conduct surveys on employee satisfaction across various aspects of work and life, covering areas such as remuneration and benefits, working condition, training system, corporate culture, etc. The human resources department is responsible for collecting and analyzing feedbacks from these surveys, compiling recommendations for adjustments. The survey results and recommendations are then reviewed by senior management and department leaders.

***Occupational Health and Safety***

We have strictly complied with the Production Safety Law of the PRC and other relevant laws and regulations in the places of operation, and have formulated a series of rules and regulations relating to work safety and health protection, including the "Production Safety Regulations and System" and the "Production Workshop Management System." We have also obtained ISO 45001 Occupational Health and Safety Management System Certification.

We have set up a safety management organization led by the general manager to clarify the safety responsibilities across all levels, so as to ensure the implementation and enforcement of various safety systems. In addition, in order to efficiently respond to safety emergencies, we have set up an emergency response team and regularly conduct safety-related emergency drills. Fire safety training is also conducted regularly to enhance the safety awareness and skills of our staff.

## PROPERTIES

Our corporate headquarters are located in Shenzhen, China. As of the Latest Practicable Date, we had one self-owned property with the gross floor area of approximately 272.2 square meters, two land parcels of approximately 50,589.3 square meters in total, and leased 13 properties. As of the Latest Practicable Date, we intend to use our self-owned property for leasing purposes. Our leased properties are primarily used for office, R&D, production and warehousing purposes. All of our self-owned and leased properties were located in China.

As of the Latest Practicable Date, no single property interest forming part of our Group's property activities had a carrying amount of 1% or more of our total assets and no single property interest forming part of our Group's non-property activities had a carrying amount of 15% or more of our total assets. According to section 6(2) of the Companies (Exemption of Companies and Prospectuses from Compliance with Provisions) Notice, this document is exempt from the requirements of section 342(1)(b) of the Companies (Winding up and Miscellaneous Provisions) Ordinance to include all interests in land or buildings in a valuation report as described under paragraph 34(2) of the Third Schedule to the Companies (Winding up and Miscellaneous Provisions) Ordinance.

**Non-compliance Relating to Leased Properties**

As of the Latest Practicable Date, we leased 13 properties in China, which were used for R&D, production and general office work. We had certain non-compliant incidents involving our leased properties, mainly due to (i) non-registration of lease agreements; (ii) absence of valid title certificates; and (iii) subletting by lessors.

***Non-registration of Lease Agreements***

As of the Latest Practicable Date, the 13 lease agreements had not been registered with relevant authorities. As advised by our PRC Legal Advisor, the non-registration of lease agreements will not affect the validity of the lease agreement and will not lead to any risks of relocation from those leased properties, but the relevant local housing administrative authorities can require us to complete registrations within a specified timeframe and we may be subject to a fine of between RMB1,000 and RMB10,000 for any delay in making registration for each of these lease agreements. During the Track Record Period and up to the Latest Practicable Date, we had not been required by the relevant local housing administrative authorities to complete the registrations, nor been penalized or fined by the relevant authorities. The aggregate amount of maximum fine will be approximately RMB120,000, which our Directors believe will not have any material adverse impact on our business and results of operations.

The reasons behind the failure to register the above lease agreements are beyond our control because, among other things, the lessors' willingness to cooperate in the registration process and provision of relevant documents for registration is necessary. To minimize the potential negative impact of the above lack of registration of lease agreements, we will continue to maintain regular communications with such lessors seeking their cooperation to complete a late registration of the relevant leases. In addition, we will seek the landlord's cooperation to register a lease agreement before signing in order to ensure compliance with applicable PRC laws and regulations in the future. We will actively liaise with the respective lessors to complete the registration of all such lease agreements, if possible.

See "Risk Factors—Risks Relating to Our Business and Industry—Failure to renew our leases or to comply with PRC property-related laws and regulations regarding certain of our leased properties could adversely affect our business."

***Absence of Valid Title Certificates***

As of the Latest Practicable Date, the lessors of ten properties had provided their title certificates of the relevant properties, while the lessors of the remaining three properties had not provided any title certificates.

We believe that the reasons that the lessors failed to provide us with the relevant real estate ownership certificates or proof of authorizations are beyond our control. As advised by our PRC Legal Advisor, without valid real estate ownership certificates or proof of authorizations from the property owners, our use of these leased properties may not be valid. In addition, if the lessors do not have the requisite rights to lease these properties, we may be required to vacate these leased properties and relocate. As advised by our PRC Legal Advisor, in case any such lease is deemed void and we are required to relocate, we are entitled to demand the applicable lessor to return prepaid rent and indemnify us for damages caused by the title defect. In the unlikely event that we are required to relocate due to such title defects, we believe we will be able to easily find alternative properties. In the event that we are required to relocate from the leased properties, we expect that the relocation cost will be less than RMB0.4 million.

Our Directors believe that the likelihood of our business and results of operations being materially and adversely affected by these title defects is remote, considering that: (i) as advised by our PRC Legal Advisor, the owners of these properties or the subdistrict offices where the properties are located have provided written confirmations that the properties had undergone fire safety registration or have passed quality and safety appraisals upon completion and were not illegal structures; (ii) during the Track Record Period and up to the Latest Practicable Date, we had not been required to cease operations due to the lessors' right to lease being challenged by a third-party rights holder; and (iii) we maintain a pool of site candidates, and we believe that we would be able to relocate to a different site without materially and adversely affecting our business and results of operations should we be required to do so. See "Risk Factors—Risks Relating to Our Business and Industry—Failure to renew our leases or to comply with PRC property-related laws and regulations regarding certain of our leased properties could adversely affect our business."

***Subletting by Lessors***

With respect to one of our leased properties, the relevant lessor did not provide the property owner's consent to sublet the property to us. The leased property was used as offices. As advised by our PRC Legal Advisor, if the lessor of the leased properties does not have the requisite rights to lease the relevant property, the relevant lease may be deemed invalid, and we may be forced to vacate the relevant property and relocate our offices.

Our Directors believe that the likelihood of our business and results of operations being materially and adversely affected by subletting is remote, considering that: (i) the total gross floor area of the properties affected only accounts for a small percentage of that of our total leased properties; (ii) we maintain a pool of site candidates, and we believe that we would be able to relocate to a different site without materially affecting our business should we be required to do so; and (iii) our offices in other locations can adequately support our business operations of the offices at the properties affected.

The reasons behind the lessors' failure to provide us with the valid title certificates and documents evidencing rights to sublease are beyond our control, such as such lessors failed to obtain the relevant title certificates.

As the lessors failed to provide us with the valid title certificates and documents evidencing rights to sublease, the relevant 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 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. Moreover, according to relevant PRC laws and regulations and the lease agreements, if the lessor fails to perform the contract, the lessee is entitled to seek reimbursement of any rent paid in advance and hold the lessor accountable for any breach of contract.

To minimize the potential negative impact of the absence of valid title certificates and documents evidencing rights to sublease on our operations, we will communicate with such lessors regarding the progress of their rectification of the title defects to the extent feasible. In addition, we have established internal guidelines and enhanced our internal control procedures to improve our evaluation of new leased properties from a compliance perspective. We will also consult our external legal advisors for reviewing the title certificates and other documents of our new leased properties in the future in order to ensure compliance with applicable PRC laws and regulations.

## LICENSES, APPROVALS AND PERMITS

We are required to obtain various licenses, permits, approvals and certificates for our business. As advised by our PRC Legal Advisor, we have obtained the requisite licenses, permits, approvals and certificates from applicable authorities for our operations, and such licenses, permits, approvals and certificates were valid and effective as of the Latest Practicable Date.

## LEGAL PROCEEDINGS AND COMPLIANCE

### Legal Proceedings

We may from time to time become a party to various litigation, arbitration or administrative proceedings arising in the ordinary course of our business. See "Risk Factors—Risks Relating to Our Business and Industry—We may be involved in legal proceedings and disputes, which could materially and adversely affect our reputation, business, results of operations and financial condition."

During the Track Record Period and up to the Latest Practicable Date, we had not been and were not 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

During the Track Record Period and up to the Latest Practicable Date, we had not been and were not involved in any material noncompliance incidents that have led to fines, enforcement actions or other penalties that could, individually or in the aggregate, have a material adverse effect on our business, financial condition and results of operations.

## RISK MANAGEMENT AND INTERNAL CONTROL

We have developed and implemented comprehensive risk management and internal control policies that encompass various aspects of our business operations to supervise and address a spectrum of operational, financial, legal and market risks that may be or have been identified. These extensive risk management and internal control measures are supported by our specific monitoring and reporting procedures and systems as delineated in the relevant policies. Our Board assumes the responsibilities for overseeing our overall risk management, ensuring that our risk management policies are not only implemented but also regularly reviewed and upgraded to reflect the evolving business landscape.

Furthermore, we established a dedicated risk management and internal control team which is responsible for formulating risk management and internal control policies, conducting internal audit, providing internal control consultation and guiding any necessary rectification measures.

### Business Operational Risk Management

We have established a series of internal procedures to manage business operational risks including risks related to incomplete or problematic internal processes, personnel mistakes, IT system failures and external events. We take a comprehensive approach to operational risk management and implement a decentralized mechanism with detailed responsibilities, clear rewards and penalty systems. Our business operations, finance, IT and human resources departments are collectively responsible for ensuring that our business operations comply and conform with internal procedures. On the occurrence of a major adverse event, the matter will be escalated to our senior management and the Board of Directors may take appropriate measures. Through effective business operational risk management, we expect to control operational risks within a reasonable range by identifying, measuring, monitoring and containing operational risks to reduce potential losses.

**Financial Reporting Risk Management**

We have in place a set of accounting policies in connection with our financial reporting risk management. We have various procedures in place to implement accounting policies, and our financial department reviews our management accounts based on such procedures. We also provide trainings from time to time to our employees in the finance department to ensure that they understand our financial management and accounting policies and implement them in our daily operations.

**Internal Control Risk Management**

We have designed and adopted strict internal procedures to ensure the compliance of our business operations with the relevant rules and regulations. Our compliance team works closely with our finance and business departments to: (i) perform risk assessments and advise on risk management strategies; (ii) improve business process efficiency and monitor internal control effectiveness; and (iii) promote risk awareness throughout our Company. We maintain internal procedures to ensure that we have obtained all material requisite licenses, permits and approvals for our business operations, and our internal control team reviews and monitors the status and effectiveness of those licenses and approvals. Our compliance team works with relevant business departments to obtain requisite governmental approvals or consents for filing with relevant government authorities.

**Human Resources Risk Management**

We provide regular and specialized training tailored to the needs of our employees in different departments. Through this training, we ensure that our staff's skill sets remain up to date and enable them to discover and meet our customers' needs. We have in place an employee handbook approved by our management and distributed to all our employees, which contains internal rules and guidelines regarding best commercial practice, work ethics, fraud prevention mechanism, negligence and corruption.

We also have in place a code of business conduct and ethics, and an anti-bribery and corruption policy approved by our board of directors, providing our employees with the best commercial practice and work ethics as well as our anti-bribery guidance and measures. We make our internal reporting channel open and available to our staff for any wrongdoing or misconduct. Reported incidents and persons will be investigated and appropriate measures will be taken in response to the findings. Further, we have implemented policies to avoid any potential conflicts of interest between our Group and our employees. Our employees are not permitted to take concurrent employment, unless they have obtained prior written approval from the relevant supervisor for engaging in or taking up, whether directly or indirectly, any outside business/employment with reward or any outside business/employment during office hours irrespective of whether there is any reward. We will only permit our employees to take outside business/employment if such business/employment does not directly/indirectly compete with our business.

**Audit Committee Experience and Qualification and Board Oversight**

We have established an audit committee to monitor the implementation of our risk management policies across our Company on an ongoing basis to ensure that our internal control system is effective in identifying, managing and mitigating risks involved in our business operations. The audit committee consists of three members, namely Dr. Xiang Yang, Mr. Tan Kaiguo and Dr. Tan Mingkui, all being independent non-executive Directors. For the professional qualifications and experience of the members of our audit committee, see "Directors, Supervisors and Senior Management—Board Committees."

We also maintain an internal audit department that is responsible for reviewing the effectiveness of internal controls and reporting to the audit committee on any issues identified. Our internal audit department holds meetings with the management from time to time to discuss any internal control issues we face and the corresponding measures.

## AWARDS AND RECOGNITIONS

We have received various awards and recognitions in respect of our technologies and solutions. The following table sets out major awards and recognitions we received during the Track Record Period:

| Year | Name of award or recognition | Awarding Authority |
|---|---|---|
| 2023 . . | 2023 China Auto Parts Industry Award in Mass Production (第八屆鈴軒獎量產優秀獎) | Auto Business Review (汽車商業評論) |
| 2023 . . | Supplier Innovation Award in the Integrated Safety Category | ZF Group |
| 2023 . . | Top 100 High-Growth Enterprises in the Greater Bay Area in 2023 (2023大灣區高成長企業100強) | GuangDong Academy of Greater Bay Studies (廣東粵港澳大灣區研究院) |

| Year | Name of award or recognition | Awarding Authority |
|---|---|---|
| 2023 . . | National-level Specialized, Special and New Enterprise (國家級專精特新小巨人企業) | Ministry of Industry and Information Technology of the PRC (中華人民共和國工業和信息化部) |
| 2023 . . | National High-Tech Enterprise (國家高新技術企業) | Shenzhen Science and Technology Innovation Commission (深圳市科技創新委員會), Shenzhen Finance Bureau (深圳市財政局), Shenzhen Taxation Service, State Taxation Administration (國家稅務總局深圳市稅務局) |
| 2023 . . | 2023 China's Top 100 New Automotive Supply Chains (2023中國汽車新供應鏈百強) | Fifth Jinji Award of Gasgoo (蓋世汽車第五屆金輯獎) |
| 2022 . . | Hurun China Cheetahs in mid-2022 (2022年中胡潤中國獵豹企業) | Hurun Research Institute (胡潤研究院) |
| 2022 . . | High Growth Enterprise of the Year (年度高成長企業) | The Securities Times (證券時報) |
| 2021 . . | Best Automotive Solution (最佳汽車解決方案) | Edge AI and Vision Alliance |
| 2021 . . | Guangdong Provincial Autonomous Driving Big Data Engineering Technology Research Center (廣東省自動駕駛大數據工程技術研究中心) | Department of Science and Technology of Guangdong Province (廣東省科學技術廳) |
| 2021 . . | 100 Technology Pioneers of 2021 | World Economic Forum |

## DIRECTORS

Our Board consists of nine Directors, including four executive Directors, two non-executive Directors and three independent non-executive Directors.

| Name | Age | Position | Date of appointment as Director | Timing of joining our Group | Principal roles and responsibilities |
|---|---|---|---|---|---|
| **Executive Directors** | | | | | |
| Liu Guoqing (劉國清) | 37 | Co-founder, chairman of the Board, executive Director, general manager | December 10, 2014 | December 2014 | Overseeing the overall operation plan and objectives, strategy development and technical research direction, and product development, production and layout of our Group |
| Yang Guang (楊廣) | 35 | Co-founder, executive Director, deputy general manager | April 11, 2016 | December 2014 | Overseeing the intelligent driving solutions business, production, manufacturing, quality control and compliance affairs of our Group |
| Zhou Xiang (周翔) | 37 | Co-founder, executive Director, deputy general manager | April 11, 2016 | December 2014 | Overseeing the vehicle infrastructure cooperative system business and the operations and management of subsidiaries of our Group |
| Wang Qicheng (王啟程) | 40 | Co-founder, executive Director, deputy general manager | January 8, 2019 | December 2014 | Overseeing the strategic planning and overseas business development of our Group |

| Name | Age | Position | Date of appointment as Director | Timing of joining our Group | Principal roles and responsibilities |
|---|---|---|---|---|---|
| **Non-executive Directors** | | | | | |
| Bi Lei (畢壘) . . . . | 47 | Non-executive Director | March 10, 2019 | March 2019 | Providing advice to the Board |
| Liu Yiran (劉怡然) . . . . . | 35 | Non-executive Director | December 27, 2021 | December 2021 | Providing advice to the Board |
| **Independent Non-executive Directors** | | | | | |
| Xiang Yang (項陽) . . . . . . . | 56 | Independent non-executive Director | April 17, 2023 | April 2023 | Providing independent judgment to the Board |
| Tan Kaiguo (譚開國) . . . . . | 50 | Independent non-executive Director | April 17, 2023 | April 2023 | Providing independent judgment to the Board |
| Tan Mingkui (譚明奎) . . . . . | 41 | Independent non-executive Director | April 17, 2023 | April 2023 | Providing independent judgment to the Board |

*Note:*

(1) Other than their roles as Directors, there are no family or other relationships among any of the Directors or with the Supervisors or other senior management members of our Company.

### Executive Directors

**Dr. Liu Guoqing (劉國清)**, aged 37, is our co-founder, chairman of the Board, executive Director, and general manager of our Company. He was appointed as a Director of our Company on December 10, 2014, and was redesignated as an executive Director on May 13, 2024. He is primarily responsible for overseeing the overall operation plan and objectives, strategy development and technical research direction, and product development, production and layout of our Group.

Dr. Liu has approximately 12 years of experience in management, technology and industry of solutions for automotive intelligence. Since starting his career in 2012, Dr. Liu has consistently worked in the field of automation. He has been holding directorship and management role in several subsidiaries of our Group, including serving as the executive director of Hubei Youjia since December 2017, the executive director of Nanjing Youjia since February 2018, the executive director and general manager of Chongqing Youjia since March 2019, the executive director and general manager of Ruijian Zhixing since November 2022, and the executive director and general manager of Guangzhou Youjia since May 2023. During his tenure in his current position as the general manager of our Company, he has led the research and development of several major projects for our Company. Dr. Liu has systematically mastered fundamental theoretical knowledge and specialised technical knowledge in the field of automotive intelligence solutions, possesses the ability to stay at the forefront of technological advancements, and is proficient in applying industry standards and procedures. He has achieved important outcomes in his area of expertise. Dr. Liu also has a certain level of technical research ability, capable of writing research findings or technical reports aimed at solving complex technical problems. He has played a significant role in mentoring and cultivating young and middle-aged academic and technical talents and is able to guide the work and studies of engineers or postgraduate students. Prior to founding our Group, Dr. Liu was a project officer at the School of Computer Engineering of the Nanyang Technological University in Singapore from July 2012 to July 2014, and served as general manager and chief engineer at Nanjing Cherui Information Technology Co., Ltd. (南京車鋭信息科技有限公司) ("**Nanjing Cherui**") from July 2013 to November 2014. Nanjing Cherui was a start-up enterprise principally engaged in research and development, and had no substantive business operations at that time.

Dr. Liu obtained his bachelor's degree in mathematics from Huazhong University of Science and Technology (華中科技大學) in the PRC in June 2008, his bachelor's degree in management from Wuhan University (武漢大學) in the PRC in June 2008, and his doctorate degree in computer science from Nanyang Technological University in Singapore in May 2013. Dr. Liu was recognized as 30X30 Entrepreneur Leader (30X30創業領袖) by the Hurun Research Institute in September 2017, in the 30 Under 30 Asia List by Forbes in 2017, as Nanjing Leading Technological Talent (南京市高層次創業人才) by the Nanjing Talent Working Group (南京市人才工作領導小組) in December 2019, and as Shenzhen High-level Talent (深圳市高層次人才) by the Shenzhen Municipal Human Resources and Social Security Bureau (深圳市人力資源和社會保障局) in September 2020. In October 2016, he was awarded the China Artificial Intelligence Technology Innovation Leader Award (中國人工智能科技創新領導者獎) from the China Center for Information Industry Development (中國電子信息產業發展研究院) under the MIIT.

Dr. Liu has been deeply involved in the research and development of automotive intelligence solutions. Dr. Liu is the leader of several Shenzhen municipal projects, including but not limited to the Shenzhen Peacock Project (深圳市孔雀項目) and the technological projects of the Shenzhen Science and Technology Innovation Commission (深圳市科技創新委員會). Dr. Liu has published several papers in the journals including AAAI Conference on Artificial Intelligence, Conference on Neural Information Processing Systems (神經信息處理系統大會) (NeurIPS). Dr. Liu is one of the primary drafters of the national standard for integrated circuit — test method for CMOS image sensors (集成電路CMOS圖像感測器測試方法) (GB/T43063-2023), which was promulgated by the SAMR and the National Standardization Administration (國家標準化管理委員會) and came into effect in January 2024. As at the Latest Practicable Date, Dr. Liu owned 178 patents in the field of automotive intelligence solutions.

**Mr. Yang Guang (楊廣)**, aged 35, is our co-founder, executive Director, and deputy general manager of our Company. He was appointed as a Director of our Company on April 11, 2016, and was redesignated as an executive Director on May 13, 2024. He is primarily responsible for overseeing the intelligent driving solutions business, production, manufacturing, quality control and compliance affairs of our Group.

Mr. Yang has approximately 14 years of experience in management and technology. He has been holding directorship and management role in our subsidiaries, including serving as a director of Jiangsu Yuanshi since June 2022, and the director and general manager of Wuhan Youjia since August 2022 where he contributed to the establishment of our Company's software, hardware and algorithm teams. He led the teams to develop software algorithms for automotive intelligence solutions, achieving hardware integration and mass production delivery. Mr. Yang demonstrated the technical and managerial ability to drive products from concept to mass production and to scale algorithms from prototypes to large-scale production products. He played a crucial role in building the research and development team and leading technical development. He has an in-depth understanding of the hardware manufacturing and quality systems for automotive intelligence solutions. He established the relevant manufacturing and quality capabilities for our Company, earning recognition from numerous automotive OEM customers. Prior to founding our Group, Mr. Yang served as a deputy general manager and engineer at Nanjing Cherui from July 2013 to November 2014 and worked in Tencent Holdings Limited (a company listed on the Hong Kong Stock Exchange (stock code: 700)) from July 2010 to June 2013. He has systematically mastered the foundational theories and specialised technical knowledge required for developing complex software systems and possesses the capability to develop cutting-edge software systems. Since August 2021, Mr. Yang has served as a director of the Guangdong Automotive Big Data Engineering Technology Research Center (廣東省自動駕駛大數據工程技術研究中心) of which one of the supporting units is our Company.

Mr. Yang obtained his bachelor's degree in electrical engineering and automation from Huazhong University of Science and Technology (華中科技大學) in the PRC in June 2010.

Mr. Yang was recognized as Shenzhen Leading Talent (深圳市領軍人才) by Shenzhen Municipal Human Resources and Social Security Bureau (深圳市人力資源和社會保障局) in November 2021 and has served as a director of Guangdong Engineering Center (廣東省工程研究中心) at Department of Science and Technology of Guangdong Province (廣東省科學技術廳) since 2021. As of the Latest Practicable Date, Mr. Yang owned 147 patents in the field of automotive intelligence solutions.

**Mr. Zhou Xiang (周翔)**, aged 37, is our co-founder, executive Director, and deputy general manager of our Company. He was appointed as a Director of our Company on April 11, 2016, and was redesignated as an executive Director on May 13, 2024. He is primarily responsible for overseeing the vehicle infrastructure cooperative system business and the operations and management of subsidiaries of our Group.

Mr. Zhou has approximately 11 years of experience in management and technology. He has been holding directorship and management role in several subsidiaries of our Group, including serving as the director and general manager of Hunan Youxiang since December 2020, and the chairman of the board of directors and general manager of Jiangsu Yuanshi since June 2022. His expertise in computer science and engineering has provided him with a solid technical foundation. As our Company has grown and developed, Mr. Zhou has continually gained experience in vehicle infrastructure cooperative system research, allowing him to gain a deep understanding of industry development trends and technological frontiers. During the daily management, Mr. Zhou has shown excellent management and innovation awareness. As the primary responsible person of our Company's vehicle infrastructure cooperative system business, he has successfully led several important research and development projects, bringing significant economic benefits to our Company. Prior to founding our group, Mr. Zhou served as a software engineer at R&D center of Trend Micro Technology (China) Co., Ltd. Nanjing Branch (趨勢科技(中國)有限公司南京分公司) from July 2011 and May 2013, and as a deputy general manager and engineer at Nanjing Cherui from July 2013 to November 2014. Since October 2024, Mr. Zhou has served as the deputy secretary-general of the automotive working committee of the China Highway & Transportation Society (中國公路協會自動駕駛工作委員會). Mr. Zhou participated in the drafting of the group standard, namely the Framework for the Construction of Smart Highways in Ordinary Countries and Provinces (普通國省幹線智慧公路建設框架), which was issued by the China ITS Industry Alliance (中國智能交通產業聯盟) and took effect in March 2022. As of the Latest Practicable Date, Mr. Zhou owned nine patents in the field of automotive intelligence solutions.

Mr. Zhou obtained his master's degree in computer software and theory from the Southeast University (東南大學) in the PRC in March 2011.

**Mr. Wang Qicheng (王啟程)**, aged 40, is our co-founder, executive Director, and deputy general manager of our Company. He was appointed as a Director of our Company on January 8, 2019, and was redesignated as an executive Director on May 13, 2024. He is primarily responsible for overseeing the strategic planning and overseas business development of our Group.

Mr. Wang has over 10 years of experience in management, technology and industry of solutions for automotive intelligence. He has been holding directorship and management role in our subsidiaries, including serving as the executive director of Shanghai Youxing, since September 2020 and a director of Minsight SG since November 2023. As the head of our overseas business, Mr. Wang integrates automotive intelligence technologies into the strategic planning for international business expansion, promoting our Company's international cooperation and project implementation in the field of automotive intelligence solutions. He excels at collaborating with leading international intelligent driving enterprises, introducing advanced technologies and solutions, and securing a competitive edge for our Company in the global market. In addition, Mr. Wang's expertise and experience enable him to deeply understand industry development trends and technological innovations. By participating in the implementation and management of multiple automotive intelligence projects, he has accumulated a wealth of practical experience and mastered the core principles and application scenarios of automotive intelligence technologies. Prior to founding our group, Mr. Wang previously served at Beijing Guoxin Communication Systems Co., Ltd. (北京國信通訊系統有限公司) from July 2007 to June 2008, and as a deputy general manager and engineer at Nanjing Cherui from July 2013 to November 2014. As of the Latest Practicable Date, Mr. Wang owned 125 patents in the field of automotive intelligence solutions.

Mr. Wang obtained his bachelor's degree in electronic engineering from Tsinghua University (清華大學) in the PRC in July 2007.

**Non-executive Directors**

**Mr. Bi Lei (畢壘)**, aged 47, was appointed as a Director of our Company on March 10, 2019, and was redesignated as a non-executive Director on May 13, 2024.

Mr. Bi has extensive experience in communication engineering and management. Mr. Bi previously served as the general manager at Zhonghuan Satellite Navigation Communication Co Ltd (中寰衛星導航通信有限公司) from October 2011 to August 2013 and has served as the deputy general manager and director of NavInfo Co., Ltd (北京四維圖新科技股份有限公司) (a company listed on the Shenzhen Stock Exchange (stock code: 002405)) ("**NavInfo**") since August 2013.

Mr. Bi obtained his bachelor's degree in communication engineering from Communication University of China (中國傳媒大學) (previously known as Beijing Broadcasting Institute (北京廣播學院)), in the PRC in July 1999.

**Ms. Liu Yiran (劉怡然)**, aged 35, was appointed as a Director of our Company on December 27, 2021, and was redesignated as a non-executive Director on May 13, 2024.

Ms. Liu is a Director nominated by Guokai Zhizao, a substantial Shareholder holding over 5% of the share capital of the Company. Guokai Zhizao is a national-level fund principally engaged in the equity investment in industries including the new information technology and electrical equipment. Ms. Liu previously served at Ernst & Young Hua Ming LLP (安永華明會計師事務所(特殊普通合夥)) and CITIC Trust Co., Ltd. (中信信託有限責任公司). Since 2017, Ms. Liu has served as an investment manager and a senior investment manager at China Development Bank Capital Co., Ltd. (國開金融有限責任公司). Since 2019, she has also acted as a senior investment manager at the Guokai Zhizao, overseeing the overall investment in the automotive industry. Ms. Liu has extensive investment experience in the technology industry, enabling her to provide effective advice on the strategic direction of the Company.

Ms. Liu obtained her bachelor's degree in accounting from the University of Sydney in Australia in June 2012.

**Independent non-executive Directors**

**Dr. Xiang Yang (項陽)**, aged 56, was appointed as an independent non-executive Director of our Company on April 17, 2023.

Dr. Xiang has approximately 21 years of experience in mathematics. Since July 2003, Dr. Xiang has served as the assistant professor, associate professor, and is currently a professor at Department of Mathematics at The Hong Kong University of Science and Technology. Dr. Xiang was a research associate at Princeton University in the U.S. from October 2001 to September 2003. In addition, Dr. Xiang currently serves as the president of the East Asia Section of the Society for Industrial and Applied Mathematics (東亞工業與應用數學會).

Dr. Xiang obtained his bachelor's degree in applied mathematics from Tsinghua University (清華大學) in the PRC in July 1991, his master's degree in applied mathematics from Tsinghua University (清華大學) in the PRC in March 1995, and his Ph.D. degree in mathematics from New York University in the U.S. in September 2001.

**Mr. Tan Kaiguo (譚開國)**, aged 50, was appointed as an independent non-executive Director of our Company on April 17, 2023.

Mr. Tan has approximately 28 years of experience in auditing and financial management. Mr. Tan has served as the deputy general manager and financial manager of Ningbo Future Houseware Co., Ltd. (寧波前程家居股份有限公司) (a company listed on the National Equities Exchange and Quotations (stock code: 834282)) since May 2023. He previously worked in BDO China SHU LUN PAN Certified Public Accountants LLP (立信會計師事務所(特殊普通合夥)) from June 2000 to June 2001, served as a project manager at the investment banking department at Shenyin & Wanguo Securities Co., Ltd. (申銀萬國證券股份有限公司) (one of the predecessors of Shenwan Hongyuan Group Co., Ltd. (申萬宏源集團股份有限公司), a company listed on the Shenzhen Stock Exchange (stock code: 000166) and the Stock Exchange (stock code: 6806)) from June 2001 to January 2003, worked in Deloitte Touche Tohmatsu Certified Public Accountants LLP (德勤華永會計師事務所(特殊普通合夥)) from January 2003 to August 2007, served as the financial director at Goldbond Group Holdings Limited (金榜集團控股有限公司) from September 2007 to December 2012, served as the chief financial officer at Zhongjing Industrial (Group) Co., Ltd. (中靜實業(集團)有限公司) from January 2013 to April 2021, worked in Jiangsu Asia Electronics Technology Co., Ltd. (江蘇亞電科技有限公司) from May 2021 to April 2022, and served as the deputy general manager and chief financial officer at Shandong Golddafeng Machinery Co., Ltd. (山東金大豐機械有限公司) from May 2022 to April 2023.

Mr. Tan obtained his bachelor's degree in auditing from the East China University of Technology (華東工業大學) (one of the predecessors of the University of Shanghai for Science and Technology (上海理工大學)) in the PRC in July 1996, and Master of Business Administration (MBA) from China Europe International Business School (中歐國際工商學院) in the PRC in August 2014. Mr. Tan was qualified as a certified public accountant (non-practising) by the Shanghai Institute of Certified Public Accountants (上海市註冊會計師協會) in December 2009.

**Dr. Tan Mingkui (譚明奎)**, aged 41, was appointed as an independent non-executive Director of our Company on April 17, 2023.

Dr. Tan has approximately 10 years of experience in computer science. Dr. Tan served as a senior research associate on computer vision in the School of Computer Science at the University of Adelaide in Australia from June 2014 to August 2016, and has served as a professor and director of the computing center in the School of Software Engineering at South China University of Technology (華南理工大學) since September 2016.

Dr. Tan obtained his bachelor's degree in environmental science and engineering from Hunan University (湖南大學) in the PRC in June 2006, his master's degree in control science and engineering from Hunan University (湖南大學) in the PRC in June 2009, and his Ph.D. degree in computer science from Nanyang Technological University in Singapore in October 2014.

Save as disclosed above in this section, none of our Directors held any directorship in any other listed companies in the three years immediately prior to the Latest Practicable Date. Save as disclosed above, to the best knowledge, information and belief of our Company having made all reasonable enquiries, there is no other information relating to our Directors that is required to be disclosed pursuant to Rule 13.51(2) of the Listing Rules or other material matter with respect to the appointment of our Directors that need to be brought to the attention of our Shareholders.

## SUPERVISORS

Our Supervisory Committee consists of three Supervisors. The following table provides certain information of our Supervisors:

| Name | Age | Position | Date of appointment as Supervisor | Timing of joining our Group | Principal roles and responsibilities |
|---|---|---|---|---|---|
| Liao Diguang (廖迪廣) . . . . . | 39 | Chairman of the Supervisory Committee, Supervisor | May 31, 2021 | June 2017 | Overseeing the operations and financial activities of our Group |
| Ao Zhengguang (敖爭光) . . . . . | 38 | Supervisor | April 17, 2023 | April 2015 | Overseeing the operations and financial activities of our Group |
| Wan Hao (宛浩) . . | 32 | Supervisor | September 18, 2020 | January 2015 | Overseeing the operations and financial activities of our Group |

*Note:*

(1) Other than their roles as Supervisors, there are no family or other relationships among any of the Supervisors or with the Directors or other senior management members of our Company.

**Mr. Liao Diguang (廖迪廣)**, aged 39, was appointed as a Supervisor of our Company on May 31, 2021. Mr. Liao joined our Group in July 2017 and is currently a project manager of the research and development center of our Company.

Mr. Liao is experienced in technology engineering including serving as technology supporting engineer, technology department manager, and product manager at Beijing Timecloud Technology Co., Ltd. (北京時間雲科技有限公司).

Mr. Liao obtained his bachelor's degree in communication engineering from Wuhan University of Technology (武漢理工大學) in the PRC in June 2007.

**Mr. Ao Zhengguang (敖爭光)**, aged 38, was appointed as a Supervisor of our Company on April 17, 2023. Mr. Ao joined our Group in April 2015, and is currently a algorithm engineer at the research and development center of our Company.

Prior to joining our Group, Mr. Ao worked in Tencent Holdings Limited (a company listed on the Hong Kong Stock Exchange (stock code: 700)) from April 2010 to April 2015.

Mr. Ao obtained his bachelor's degree in computer science and technology from China University of Geosciences (中國地質大學) in the PRC in June 2007, and his master's degree in pattern recognition and intelligent systems from Huazhong University of Science and Technology (華中科技大學) in the PRC in March 2010. He was recognized as an intermediate level software designer (軟件設計師(中級)) by the Hubei Professional Titles Reform Work Group (湖北省職稱改革工作領導小組) in November 2006.

**Mr. Wan Hao (宛浩)**, aged 32, was appointed as a Supervisor of our Company on September 18, 2020. Mr. Wan joined our Group in January 2015 and is currently the design director of our Company.

Prior to joining our Group, Mr. Wan served as a designer at Zhuhai Kingsoft Office Software Co., Ltd. (珠海金山辦公軟件有限公司), a subsidiary of Beijing Kingsoft Office Software, Inc. (北京金山辦公軟件股份有限公司) (a company listed on the Shanghai Stock Exchange (stock code: 688111)), from January 2014 to December 2014.

Mr. Wan obtained his bachelor's degree in industrial design from Jiangxi University of Science and Technology (江西理工大學) in the PRC in July 2014.

Save as disclosed above in this section, none of our Supervisors held any directorship in any other listed companies in the three years immediately prior to the Latest Practicable Date. Save as disclosed above, to the best knowledge, information and belief of our Company having made all reasonable enquiries, there is no other information relating to our Supervisors that is required to be disclosed pursuant to Rule 13.51(2) of the Listing Rules or other material matter with respect to the appointment of our Supervisors that need to be brought to the attention of our Shareholders.

## SENIOR MANAGEMENT

Our senior management is responsible for the day-to-day management of our business. The following table provides certain information about members of our senior management:

| Name | Age | Position | Date of appointment as senior management | Timing of joining our Group | Principal roles and responsibilities |
|---|---|---|---|---|---|
| Liu Guoqing (劉國清) . . . . . | 37 | Co-founder, chairman of the Board, executive Director, general manager | December 10, 2014 | December 2014 | Overseeing the overall operation plan and objectives, business strategies and technical research direction, and product development, production and layout of our Group |
| Yang Guang (楊廣) . . . . . . . | 35 | Co-founder, executive Director, deputy general manager | December 10, 2014 | December 2014 | Overseeing the intelligent driving business, production, manufacturing, quality control and compliance affairs of our Group |
| Zhou Xiang (周翔) . . . . . . . | 37 | Co-founder, executive Director, deputy general manager | December 10, 2014 | December 2014 | Overseeing the vehicle infrastructure cooperative system business and the operations and management of subsidiaries of our Group |
| Wang Qicheng (王啟程) . . . . . | 40 | Co-founder, executive Director, deputy general manager | December 10, 2014 | December 2014 | Overseeing the strategic planning and overseas business development of our Group |

| Name | Age | Position | Date of appointment as senior management | Timing of joining our Group | Principal roles and responsibilities |
|---|---|---|---|---|---|
| Zheng Wei (鄭偉) . . . . . . . | 41 | Deputy general manager | June 7, 2023 | February 2017 | Overseeing the algorithm research and development and technology related affairs of our Group |
| Yang Yihong (楊一泓) . . . . . | 33 | Deputy general manager | June 7, 2023 | September 2015 | Overseeing sales and intelligent cabin affairs of our Group |
| Cheng Zhui (程追) . . . . . . . | 37 | Deputy general manager | June 7, 2023 | July 2015 | Overseeing the product research and development, supply chain and cost management related affairs of our Group |
| Wen Qi (聞奇) . . . | 42 | Chief financial officer and Board secretary | June 7, 2023 | December 2020 | Overseeing the financial, taxation and board secretarial affairs of our Group |

*Note:*

(1) Other than their roles as executive Directors and/or senior management members, there are no family or other relationships among any of them or with the other Directors or Supervisors of our Company.

**Dr. Liu Guoqing (劉國清)**, aged 37, is our co-founder, chairman of the Board, executive Director, and general manager of our Company. See "—Directors—Executive Directors" for his biographical details.

**Mr. Yang Guang (楊廣)**, aged 35, is our co-founder, executive Director, and deputy general manager of our Company. See "—Directors—Executive Directors" for his biographical details.

**Mr. Zhou Xiang (周翔)**, aged 37, is our co-founder, executive Director, and deputy general manager of our Company. See "—Directors—Executive Directors" for their biographical details.

**Mr. Wang Qicheng (王啟程)**, aged 40, is our co-founder, executive Director, and deputy general manager of our Company. See "—Directors—Executive Directors" for his biographical details.

**Dr. Zheng Wei (鄭偉)**, aged 41, is a deputy general manager of our Company. Dr. Zheng joined our Company in February 2017, and is currently responsible for overseeing the algorithm research and development and technology related affairs of our Group.

Dr. Zheng has approximately 11 years of experience in technology research and development. He has served as the executive director and general manager of Youjia Beijing since December 2020. Prior to joining our Group, he served as a research and development engineer at Beijing Samsung Telecommunications Technology Research Co., Ltd (北京三星通信技術研究有限公司), a subsidiary of Samsung Electronics Co., Ltd. (三星電子株式會社) (a company listed on the Korea Exchange (stock code: 005930)), from July 2013 to February 2017.

Dr. Zheng obtained his bachelor's degree in electronic engineering from Tsinghua University (清華大學) in the PRC in July 2006, and his doctorate degree in computer application technology from the University of Chinese Academy of Sciences (中國科學院大學) in the PRC in July 2013. Dr. Zheng was recognized as a senior engineer (高級工程師) by the Shenzhen Municipal Human Resources and Social Security Bureau (深圳市人力資源和社會保障局) in July 2022.

**Ms. Yang Yihong (楊一泓)**, aged 33, is a deputy general manager of our Company. Ms. Yang joined our Group in September 2015 and is currently responsible for overseeing sales and intelligent cabin affairs of our Group.

Ms. Yang has been serving as the executive director of Shanghai Youqu since June 2020.

Ms. Yang obtained her bachelor's degree in criminology and criminal justice from the University of New South Wales in Australia in December 2012, and her master's degree in criminal justice from Boston University in the U.S. in January 2015.

**Mr. Cheng Zhui (程追)**, aged 37, is a deputy general manager of our Company. Mr. Cheng joined our Group in July 2015, and is currently responsible for overseeing product research and development, supply chain and cost management related affairs of our Group.

Prior to joining our Group, Mr. Cheng served as a structural engineer at TP-Link Technologies Co., Ltd. (普聯技術有限公司) from July 2010 to July 2015.

Mr. Cheng obtained his bachelor's degree in mechanical design, manufacturing and automation from Huazhong University of Science and Technology (華中科技大學) in the PRC in June 2010.

**Mr. Wen Qi (聞奇)**, aged 42, is the chief financial officer and Board secretary of our Company. Mr. Wen joined our Group in December 2020, and is responsible for overseeing the financial, taxation and board secretarial affairs of our Group.

Mr. Wen has approximately 20 years of experience in accounting and finance. Mr. Wen served as an auditor at PricewaterhouseCoopers Zhong Tian LLP (普華永道中天會計師事務所(特殊普通合夥)) from June 2004 to August 2010, the chief financial officer at Shanghai Fanwen Industrial Development Co., Ltd. (上海泛文實業發展有限公司) from August 2010 to September 2014, and a partner at Shanghai Compliance Enterprise Management Consulting Co., Ltd. (上海合規企業管理諮詢有限公司) from September 2014 to December 2020.

Mr. Wen obtained his bachelor's degrees in biotechnology and business management from Nankai University (南開大學) in the PRC in June 2004.

## JOINT COMPANY SECRETARIES

**Mr. Wen Qi (聞奇)**, our chief financial officer and Board secretary, has been appointed as a joint company secretary of our Company effective upon Listing. See "—Senior Management" for his biographical details.

**Ms. Lam Wing Chi (林穎芝)** has been appointed as a joint company secretary of our Company effective upon Listing.

Ms. Lam is a senior manager of corporate services of Tricor Services Limited, a global professional services provider specializing in integrated business, corporate and investor services.

Ms. Lam has over ten years of experience in the corporate secretarial field. She has been providing professional corporate services to Hong Kong listed companies as well as multinational, private and offshore companies. Ms. Lam is a Chartered Secretary, a Chartered Governance Professional and an Associate of both The Hong Kong Chartered Governance Institute and The Chartered Governance Institute in the United Kingdom. Ms. Lam received her bachelor's degree in Accounting from the Hong Kong Shue Yan University in July 2012.

Ms. Lam currently holds company secretary positions in Canggang Railway Limited (a company listed on the Main Board of the Stock Exchange, stock code: 2169), AIM Vaccine Co., Ltd (a company listed on the Main Board of the Stock Exchange, stock code: 6660) and Powerwin Tech Group Limited (a company listed on the Main Board of the Stock Exchange, stock code: 2405).

## BOARD COMMITTEES

Our Company has established four Board Committees in accordance with the relevant laws and regulations, the Articles and the corporate governance practice under the Listing Rules, namely the Audit Committee, the Remuneration and Appraisal Committee, the Nomination Committee, and the Strategy Committee.

**Audit Committee**

We have established an Audit Committee with written terms of reference in compliance with Rule 3.21 of the Listing Rules and the Corporate Governance Code as set out in Appendix C1 to the Listing Rules. Our Audit Committee consists of three members, namely, Dr. Xiang Yang, Mr. Tan Kaiguo and Dr. Tan Mingkui. Mr. Tan Kaiguo has been appointed as the chairperson of the Audit Committee, and is our independent non-executive Director who possesses the appropriate professional qualification and relevant financial management experience. The primary responsibilities of the Audit Committee are, among others, to review the financial controls and the internal control and risk management systems of our Group, monitor the integrity of the Company's financial statements, review and monitor the external auditor's independence and objectivity and effectiveness of the audit process, and perform other duties and responsibilities as assigned by our Board.

**Remuneration and Appraisal Committee**

We have established a Remuneration and Appraisal Committee 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 and Appraisal Committee consists of three members, namely, Dr. Xiang Yang, Mr. Tan Kaiguo and Dr. Tan Mingkui. Dr. Tan Mingkui has been appointed as the chairperson of the Remuneration and Appraisal Committee. The primary responsibilities of the Remuneration and Appraisal Committee are, among others, to establish and review the policy and structure of the remuneration for our Directors and senior management, and make recommendations on remuneration packages of individual executive Directors and senior management.

**Nomination Committee**

We have established a Nomination Committee with written terms of reference in compliance with Rule 3.27A of the Listing Rules and the Corporate Governance Code as set out in Appendix C1 to the Listing Rules. Our Nomination Committee consists of three members, namely Dr. Liu Guoqing, Dr. Xiang Yang and Dr. Tan Mingkui. Dr. Xiang Yang has been appointed as the chairperson of the Nomination Committee. The primary responsibilities of the Nomination Committee are, among others, to review the Board structure, size and composition, make recommendations to our Board on the appointment or re-appointment of Directors, and review the Company's board diversity policy.

**Strategy Committee**

We have established a Strategy Committee with written terms of reference. Our Strategy Committee consists of three members, namely, Dr. Liu Guoqing, Mr. Yang Guang and Dr. Tan Mingkui. Dr. Liu Guoqing has been appointed as the chairperson of the Strategy Committee. The primary responsibilities of the Strategy Committee are, among others, to consider, review and make recommendation on the Company's long-term development strategies and other material matters that might impact our development, consider, review and make recommendation on material investments, financing transactions and transactions involving our capital, assets or operations, which are required to be approved by the Board pursuant to the Articles of Association, and perform other duties and responsibilities as assigned by our Board.

## CORPORATE GOVERNANCE

We are committed to achieving high standards of corporate governance which are crucial to our development and safeguard the interests of our Shareholders. To accomplish this, we intend to comply with the corporate governance requirements under the Corporate Governance Code and Corporate Governance Report as set out in Appendix C1 to the Listing Rules after the Listing.

Our Directors recognize the importance of incorporating elements of good corporate governance in the management structures and internal control procedures of our Group to achieve effective accountability. Our Company intends to comply with all code provisions in the Corporate Governance Code as set out in Appendix C1 to the Listing Rules after the Listing, except for Code Provision C.2.1 of the Corporate Governance Code, which provides that the roles of chairman of the board and chief executive officer should be separate and should not be performed by the same individual.

The roles of chairman of the Board and general manager are currently performed by Dr. Liu Guoqing. In view of Dr. Liu's substantial contribution to our Group since our establishment and his extensive experience, we consider that having Dr. Liu acting as both our chairman of the Board and general manager will provide strong and consistent leadership to our Group and facilitate efficient execution of our business strategies. We consider it appropriate and beneficial to our business development and prospects that Dr. Liu continues to act as both our chairman of the Board and general manager after Listing, and therefore currently do not propose to separate the functions of chairman of the Board and general manager. While this would constitute a deviation from Code Provision C.2.1 of the Corporate Governance Code, the Board believes that this structure will not impair the balance of power and authority between the Board and the management of our Group, given that (i) there are sufficient checks and balances in the Board, as a decision to be made by our Board requires approval by at least a majority of our Directors, and our Board comprises three independent non-executive Directors, which is in compliance with the requirement under the Listing Rules; (ii) Dr. Liu and the other Directors are aware of and undertake to fulfill their fiduciary duties as Directors, which require, among other things, that he or she acts for the benefit and in the best interests of our Company and will make decisions for our Group accordingly; and (iii) the balance of power and authority is ensured by the operations of the Board which comprises experienced and high caliber individuals who meet regularly to discuss issues affecting the operations of our Company. Moreover, the overall strategic and other key business, financial, and operational policies of our Group are made collectively after thorough discussion at the Board and/or senior management levels. The Board will continue to review the effectiveness of the corporate governance structure of our Group in order to assess whether separation of the roles of chairman of the Board and general manager is necessary.

## BOARD DIVERSITY POLICY

In order to enhance the effectiveness of our Board and to maintain high standard of corporate governance, the Board will adopt a board diversity policy (the "**Board Diversity Policy**") with effect from Listing. The Board Diversity Policy sets out the criteria in selecting candidates to our Board, including but not limited to gender, age, cultural and educational background, ethnicity, professional experience, skills, knowledge and length of service. The ultimate decision will be based on merit and contribution that the selected candidates will bring to the Board.

Our Board currently consists of nine Directors, including four executive Director, two non-executive Directors and three independent non-executive Directors. Our board has a broad array of expertise across various sectors, such as overall management, technology, investment accounting and financial management, as well as industry knowledge and experience relevant to our business operations, which equips the Board with a rich tapestry of perspectives and skills. We have three independent non-executive Directors with diverse background and experience, representing one-third of the members of our Board. We have one female Director, and target to maintain at least one female representation in the Board. We will strive to achieve gender balance of the Board through certain measures to be implemented by our Nomination Committee in accordance with our Board Diversity Policy. In particular, we will engage resources in training female staff who have relevant experience in our business, and actively identify female individuals suitably qualified to become our Board members. The collective experience and knowledge of our Board members and our senior management members are instrumental in fostering robust decision-making and enhancing business performance. We are committed to adopting a consistent approach to promote diversity at all levels of our Company from the Board to our senior management to all our employees, in order to enhance the effectiveness of our corporate governance as a whole.

The Nomination Committee is responsible for reviewing the structure and diversity of the Board and selecting individuals to be nominated as Directors. After the Listing, the Nomination Committee will monitor and evaluate the implementation of the Board Diversity Policy from time to time to ensure its continued effectiveness, and when necessary, make any revisions that may be required and recommend any such revisions to our Board for consideration and approval. The Nomination Committee will also include in successive annual reports a summary of the Board Diversity Policy, including any measurable objectives set for implementing the Board Diversity Policy and the progress on achieving these objectives.

## CONFIRMATION FROM OUR DIRECTORS

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 on May 21, 2024, respectively; and (ii) understands his or her obligations as a director of a listed issuer on the Hong Kong Stock Exchange under the Listing Rules.

Save as disclosed below, each of our Directors further confirms that as of the Latest Practicable Date, he or she did not have any interest in a 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.

Since August 2013, Mr. Bi Lei has served as the deputy general manager and director of NavInfo. As of the Latest Practicable Date, Mr. Bi held approximately 0.08% of the total issued shares of NavInfo.

NavInfo is a company listed on the Shenzhen Stock Exchange (stock code: 002405), which principally operates in the intelligent driving solutions industry in the PRC. Our Directors are of the view that our Group and NavInfo are delineated from each other in terms of their respective principal businesses and key products, and there is neither any substantial competition between our Group and NavInfo, nor any material conflict of interests arising from Mr. Bi's position and interest in NavInfo for reasons, including but not limited to:

(a) NavInfo principally operates in the upstream segment of the smart mobility solutions industry as a core component supplier, with a focus on the provision of navigation map services, which contributed to over 50% of its total revenue in 2023 according to its 2023 annual report. On the other hand, our Group principally operates in the midstream segment of the industry as an intelligent driving solutions provider, offering a broad range of intelligent driving solutions and creating intelligent driving system with a combination of sensors and algorithms; and

(b) although NavInfo also provides intelligent cabin solutions which contributed to less than 15% of its total revenue in 2023 according to its 2023 annual report, NavInfo focuses on the offering of navigation, infotainment and driving assistance in the cabin, while our Group's intelligent cabin solutions center around our DMS solutions, which focus on monitoring driver behaviors with real-time tracking functions, and our OMS solutions, which focus on providing smart and advanced entertainment functions and enhancing in-cabin user experience for both drivers and passengers.

Our Directors believe that we are capable of performing our business independently of, and at arm's length from, NavInfo based on the following grounds:

(i) Mr. Bi Lei, as a non-executive Director, is not and will not be involved in the daily management and operation of our Group. In addition, other than Mr. Bi Lei, our Directors and members of our senior management do not hold any position in NavInfo;

(ii) our Company has appointed three independent non-executive Directors, comprising one-third of our Board in order to promote the interests of our Company and our Shareholders as a whole. Where necessary, our independent non-executive Directors may engage professional advisors at our costs for advice on matters relating to any potential conflict of interest involving our Directors;

(iii) each of our Directors (including Mr. Bi Lei) has attended training provided by our Hong Kong legal advisors, and is aware of his/her fiduciary duties and responsibilities under the Listing Rules as a director, which require that he/she acts in the best interests of our Company and our Shareholders as a whole;

(iv) the principal businesses of our Group and NavInfo are delineated from each other as set out above; and

(v) our Company has established relevant corporate governance measures to avoid conflicts of interest between our Group and any Director, including that a Director shall abstain from voting and shall not be counted towards the quorum for voting on any matters which he/she might be in conflict of interest.

Each of our independent non-executive Directors confirms (i) his independence as regards each of the factors referred to in Rules 3.13(1) to (8) of the Listing Rules; (ii) that he has no past or present financial or other interest in the business of the Company or its subsidiaries or any connection with any core connected person of the Company under the Listing Rules as of the Latest Practicable Date; and (iii) that there are no other factors that may affect his independence at the time of his appointments.

## REMUNERATION OF DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

Our Company offers our executive Directors, Supervisors and senior management members, who are also our employees, with remuneration in the form of fees, wages, salaries, discretionary bonuses, pension contributions, housing funds, medical insurances, other social insurances, share-based compensation expenses and other employee benefits. Independent non-executive Directors will receive compensation according to their duties, including serving as members or chairpersons of the Board committees.

For each of the years ended December 31, 2021, 2022 and 2023 and six months ended June 30, 2024, the aggregate amount of remuneration paid to our Directors and Supervisors, including fees, salaries and other benefits, discretionary bonus, retirement benefit scheme contributions and equity-settled share-based payments, were approximately RMB3.1 million, RMB2.6 million, RMB3.8 million and RMB2.1 million, respectively.

Under the arrangement currently in force, we estimate the total compensation before taxation, including estimated share-based compensation, to be accrued to our Directors and our Supervisors for the year ending December 31, 2024 to be approximately RMB4.2 million. The actual remuneration of Directors and Supervisors in 2024 may be different from the expected remuneration.

The total emoluments paid to the five highest paid individuals were approximately RMB8.5 million, RMB10.1 million, RMB11.5 million and RMB7.1 million, for the years ended December 31, 2021, 2022 and 2023 and six months ended June 30, 2024, respectively.

We confirmed that, during the Track Record Period, no consideration was paid by our Company to, or receivable by, our Directors for making available directors' services or as termination benefits.

Save as disclosed above, no other payments have been paid, or are payable, by our Company or any of our subsidiary to our Directors, Supervisors or the five highest paid individuals during the Track Record Period.

For the details of the service contracts and appointment letters that we have entered into with our Directors and Supervisors, see "Appendix VI—Statutory and General Information—C. Further Information about our Directors, Supervisors, Management and Substantial Shareholders—3. Service Contracts." For further details of the incentives granted to our officers and employees, see "Appendix VI—Statutory and General Information—D. Employee Incentive Scheme."

## EMPLOYEE OWNERSHIP PLATFORMS

For further details of our employees' ownership platforms, see "Appendix VI—Statutory and General Information—D. Employee Incentive Scheme."

## COMPLIANCE ADVISOR

We have appointed SBI China Capital Hong Kong Securities Limited as our Compliance Advisor pursuant to Rules 3A.19 of the Listing Rules. Pursuant to Rule 3A.23 of the Listing Rules, we must consult with and, if necessary, seek advice from our Compliance Advisor on a timely basis in the following circumstances:

(i) before the publication of any regulatory announcement, circular or financial report;

(ii) where a transaction, which might be a notifiable or connected transaction, is contemplated including but not limited to share issues and share repurchases;

(iii) where we propose to use the proceeds of the Global Offering in a manner different from that detailed in this prospectus or where our business activities, developments or results deviate from any forecast, estimate or other information in this prospectus; and

(iv) where the Hong Kong Stock Exchange makes an inquiry to our Company regarding unusual movements in the price or trading volume of its listed securities or any other matters in accordance with Rule 13.10 of the Listing Rules.

Our Compliance Advisor will, in a timely manner, inform us of any amendments or supplements to the Listing Rules and any new or amended law, regulation or code in Hong Kong applicable to our Group.

The term of the appointment of our Compliance Advisor shall commence on the Listing Date and end on the date when our Company publishes our annual report in respect of our financial results for the first full financial year commencing after the Listing, and such appointment may be subject to extension by mutual agreement.

## OUR SINGLE LARGEST GROUP OF SHAREHOLDERS

As at the Latest Practicable Date, (i) the Concert Party Group, consisting of Dr. Liu Guoqing, Mr. Yang Guang, Mr. Zhou Xiang, Mr. Wang Qicheng, Mr. Yan Shengye and Mr. Wu Jianxin, were collectively interested in approximately 24.35% of the Shares, and pursuant to the Amended Concert Party Agreement, members of the Concert Party Group will follow Dr. Liu Guoqing's vote to arrive at a unanimous consent in case of any disagreement in aligning votes in the Shareholders' meeting; and (ii) Dr. Liu Guoqing, by virtue of his role as the general partner of each of the ESOP Holding Entities, was deemed to be interested in approximately 5.86% of the Shares held by the ESOP Holding Entities. Accordingly, the Concert Party Group and the ESOP Holding Entities constituted our Single Largest Group of Shareholders, holding in aggregate approximately 30.22% of the Shares.

Immediately following the completion the Global Offering, the Single Largest Group of Shareholders will in aggregate hold approximately 27.25% of the Shares (assuming the Over-Allotment Option is not exercised). Therefore, upon Listing, they will remain as our Single Largest Group of Shareholders and our Company will not have any controlling shareholders as defined under the Listing Rules upon Listing.

For details of the Concert Party Group and the ESOP Holding Entities, and their shareholding in our Company, see "History, Development and Corporate Structure."

## INDEPENDENCE FROM OUR SINGLE LARGEST GROUP OF SHAREHOLDERS

Having considered the following factors, our Directors are satisfied that we are capable of carrying on our business independently from our Single Largest Group of Shareholders and their close associates after Listing.

### Management Independence

We are able to carry on our business independently from the Single Largest Group of Shareholders from management perspective. Our Board consists of nine Directors, including four executive Directors, two non-executive Directors and three independent non-executive Directors. Each of Dr. Liu Guoqing, Mr. Yang Guang, Mr. Zhou Xiang and Mr. Wang Qicheng who are members of the Single Largest Group of Shareholders, are also our executive Directors.

Our Directors are of the view that our Company is able to function independently from the Single Largest Group of Shareholders for the following reasons:

(a) our daily management and operations are carried out by a senior management team, all of whom 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. For details of the industry experience of our senior management team, see "Directors, Supervisors and Senior Management—Senior Management";

(b) 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;

(c) we have three independent non-executive Directors and certain matters of our Company must always be referred to the independent non-executive Directors for review; and

(d) we have adopted a series of corporate governance measures to manage conflicts of interest, if any, between our Group and the Single Largest Group of Shareholders which would support our independent management. See "—Corporate Governance" below for details.

Based on the above, our Directors believe that our Board as a whole and together with our senior management are able to perform the managerial role in our Group independently from the Single Largest Group of Shareholders and their close associates after the Listing.

**Operational Independence**

We do not rely on the Single Largest Group of Shareholders and their close associates for our operations. While we are led by our executive Directors (who are also members of the Single Largest Group of Shareholders) and other senior management team, we have our own departments specializing in business development, research and development, production, quality control, administration, finance, internal audit, information technology, sales and marketing, human resources, legal and compliance, or company secretarial functions. Such departments specializing in these respective areas which have been in operation and are expected to continue to operate separately and independently from the Single Largest Group of Shareholders and their close associates. In addition, we have our own headcount of employees for our operations and management for human resources.

We have independent access to suppliers and customers and an independent management team to handle our day-to-day operations. We are also in possession of all relevant licenses necessary to carry on and operate our principal businesses and we have sufficient operational capacity in terms of capital and employees to operate independently.

As of the Latest Practicable Date, the Group did not expect to have any continuing connected transactions in its ordinary and usual course of business with any of the Single Largest Group of Shareholders or their respective associates upon Listing.

Based on the above, our Directors believe that we are able to operate independently from the Single Largest Group of Shareholders and their close associates.

**Financial Independence**

We have an independent financial system and make financial decisions according to our Group's own business needs. We have internal control and accounting systems and an independent finance department. We do not expect to rely on the Single Largest Group of Shareholders and their close associates for financing after the Listing as we expect that our working capital will be funded by the cash, cash equivalent on hand as well as the proceeds from the Global Offering.

During the Track Record Period, each of Dr. Liu Guoqing, Mr. Yang Guang, Mr. Zhou Xiang and Mr. Wang Qicheng provided personal guarantee to secure certain of our Group's bank borrowings (the "**Guaranteed Loans**"). As of June 30, 2024, the outstanding principal amount of the Guaranteed Loans was approximately RMB151.9 million. We have obtained confirmations from the banks providing us with the Guaranteed Loans, which consent to the release of the personal guarantees provided by members of the Single Largest Group of Shareholders prior to the Listing. See "Financial Information—Related Party Transactions" and Note 37 of the Accountants' Report as set out in Appendix I to this Prospectus for details.

As of June 30, 2024, our Group had an amount due from Dr. Liu Guoqing of approximately RMB0.5 million, which was non-trade in nature. Our Directors confirm that all outstanding balances due from Dr. Liu Guoqing will be fully settled before Listing.

Save for the above, our Group did not rely on the Single Largest Group of Shareholders and/or their close associates for any provision of financial assistance. Our Directors confirm that as of the Latest Practicable Date, none of the Single Largest Group of Shareholders or their close associates had provided any loans, guarantees or pledges to our Group and our Group did not provide any loans, guarantees or pledges to our Single Largest Group of Shareholders.

Based on the above, our Directors are of the view that we are able to maintain financial independence from our Single Largest Group of Shareholders and their close associates.

## INTERESTS OF OUR SINGLE LARGEST GROUP OF SHAREHOLDERS IN OTHER BUSINESSES

The Single Largest Group of Shareholders confirm that as of the Latest Practicable Date, they did not have any interest in a business, apart from the business of our Group, which competes or is likely to compete, directly or indirectly, with our business, which would require disclosure under Rule 8.10 of the Listing Rules.

## CORPORATE GOVERNANCE

Our Company will comply with the provisions of the Corporate Governance Code, which sets out principles of good corporate governance, upon Listing.

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 the Single Largest Group of Shareholders:

(a) where a Shareholders' meeting is to be held for considering proposed transactions in which the Single Largest Group of Shareholders or any of their respective associates has a material interest, the Single Largest Group of Shareholders will not vote on the resolutions and shall not be counted in the quorum in the voting;

(b) our Company has established internal control mechanisms to identify connected transactions. Upon Listing, if our Company enters into connected transactions with a member of the Single Largest Group of Shareholders or any of their respective associates, our Company will comply with the applicable Listing Rules;

(c) we are committed that our Board shall include a balanced composition of executive Directors and non-executive Directors (including independent non-executive Directors). We have appointed three independent non-executive Directors, and believe our independent non-executive Directors (i) possess sufficient and diverse experiences, (ii) are free of any business or other relationship which could interfere in any material manner with the exercise of their independent judgment, and (iii) will be able to provide an impartial and external opinion to protect the interests of our Shareholders as a whole. For details of the independent non-executive Directors, see "Directors, Supervisors and Senior Management—Directors—Independent Non-executive Directors";

(d) where our Directors reasonably request the advice of independent professionals, such as financial advisors, valuers or legal advisors, the appointment of such independent professionals will be made at our Company's expenses; and

(e) we have appointed SBI China Capital Hong Kong Securities Limited as our Compliance Advisor to provide advice and guidance to us in respect of compliance with the Listing Rules, including various requirements relating to corporate governance.

Based on the above, our Directors are satisfied that sufficient corporate governance measures have been put in place to manage any conflicts of interest between our Group and the Single Largest Group of Shareholders, and to protect minority Shareholders' interests after the Listing.

This section presents certain information regarding our share capital before and upon completion of the Global Offering.

## BEFORE THE GLOBAL OFFERING

As of the Latest Practicable Date, the registered capital of our Company was RMB360,000,000, comprising 360,000,000 Unlisted Shares of nominal value RMB1.00 each.

## UPON COMPLETION OF THE GLOBAL OFFERING

Immediately following completion of the Global Offering and the Conversion of Unlisted Shares into H Shares, assuming the Over-allotment Option is not exercised, the share capital of our Company will be as follows:

| Description of Shares | Number of Shares | Approximate percentage to total share capital |
|---|---|---|
| | | (%) |
| Unlisted Shares in issue | 89,576,892 | 22.44 |
| H Shares converted from Unlisted Shares[1] | 270,423,108 | 67.74 |
| H Shares to be issued under the Global Offering | 39,190,000 | 9.82 |
| Total | 399,190,000 | 100.00 |

(1) For details of the identities of the Shareholders whose Shares will be converted into H Shares upon Listing, see "History, Development and Corporate Structure—Public Float."

Immediately following completion of the Global Offering and conversion of Unlisted Shares into H Shares, assuming the Over-allotment Option is fully exercised, the share capital of our Company will be as follows:

| Description of Shares | Number of Shares | Approximate percentage to total share capital |
|---|---|---|
| | | (%) |
| Unlisted Shares in issue | 89,576,892 | 22.11 |
| H Shares converted from Unlisted Shares[1] | 270,423,108 | 66.76 |
| H Shares to be issued under the Global Offering | 45,068,400 | 11.13 |
| Total | 405,068,400 | 100.00 |

(1) For details of the identities of the Shareholders whose Shares will be converted into H Shares upon Listing, see "History, Development and Corporate Structure—Public Float."

## SHARE CLASSES

Upon completion of the Global Offering and the Conversion of Unlisted Shares into H Shares, the Shares will consist of Unlisted Shares and H Shares. Unlisted Shares and H Shares are all ordinary Shares in the share capital of our Company.

Apart from certain qualified domestic institutional investors in the PRC, the qualified PRC investors under the Shanghai — Hong Kong Stock Connect or the Shenzhen — Hong Kong Stock Connect and other persons who are entitled to hold our H Shares pursuant to relevant PRC laws and regulations or upon approvals of any competent authorities (such as our certain existing Shareholders the Unlisted Shares held by whom will be converted into H shares according to the approval of the CSRC), H Shares generally cannot be subscribed for by or traded between legal or natural persons of the PRC. Unlisted Shares can only be subscribed for by and traded between legal or natural persons of the PRC, qualified foreign institutional investors and foreign strategic investors.

## RANKING

Unlisted Shares and H Shares shall rank *pari passu* with each other in all respects and, in particular, will rank equally for dividends or distributions declared, paid or made. All dividends for H Shares will be denominated and declared in Renminbi, and paid in Hong Kong dollars or Renminbi, whereas all dividends for Unlisted Shares will be paid in Renminbi. Other than cash, dividends may also be paid in the form of Shares.

## CONVERSION OF UNLISTED SHARES INTO H SHARES

If any of the Unlisted Shares are to be converted, listed and traded as H Shares on the Hong Kong Stock Exchange, such conversion, listing and trading will need the registration with the relevant PRC regulatory authorities, including the CSRC, and the approval of the Hong Kong Stock Exchange.

### Filing with the CSRC and Full Circulation Application

In accordance with the Overseas Listing Trial Measures and related guidelines, H-share listed companies which apply for the conversion of unlisted shares into H shares for listing and circulation on the Hong Kong Stock Exchange shall file with the CSRC by filing materials on key compliance issues. An unlisted domestic joint stock company may apply for "full circulation" when applying for an overseas listing.

We have filed with the CSRC for, and received the filing notice from the CSRC dated October 28, 2024 in relation to the Global Offering and the conversion of 270,423,108 Unlisted Shares into H Shares on a one-for-one basis upon Listing.

### Listing Approval by the Hong Kong Stock Exchange

We have applied to the Hong Kong Stock Exchange for the granting of the listing of, and permission to deal in, our H Shares to be issued pursuant to the Global Offering (including any H Shares which may be issued pursuant to the exercise of the Over-allotment Option) and the H Shares to be converted from 270,423,108 Unlisted Shares on the Hong Kong Stock Exchange, which is subject to the approval by the Hong Kong Stock Exchange.

We will perform the following procedures for the conversion of the relevant Unlisted Shares into H Shares after receiving the approval of the Hong Kong Stock Exchange: (1) giving instructions to our H Share Registrar regarding relevant share certificates of the converted H Shares; and (2) enabling the converted H Shares to be accepted as eligible securities by HKSCC for deposit, clearance and settlement in the CCASS.

The Conversion of Unlisted Shares into H Shares will involve an aggregate of 270,423,108 Unlisted Shares held by 56 existing Shareholders, representing approximately 75.12% of total issued Shares of the Company as at the date of this Prospectus and approximately 67.74% of total issued Shares of the Company upon completion of the Conversion of Unlisted Shares into H Shares and the Global Offering (assuming the Over-allotment Option is not exercised). Set out below are number of Shares held by our existing Shareholders and their respective shareholding as at the date of this Prospectus and upon completion of the Conversion of Unlisted Shares into H Shares and the Global Offering (assuming the Over-allotment Option is not exercised).

| | | Number of Shares upon completion of the Global Offering[(1)] | | | |
|---|---|---|---|---|---|
| **Shareholders** | **Number of Shares held by the Shareholder as at the date of this prospectus** | **H Shares to be converted from Unlisted Shares** | **Unlisted Shares** | **Aggregate ownership percentage as at the date of this prospectus** | **Aggregate ownership percentage upon completion of the Global Offering[(1)]** |
| *Single Largest Group of Shareholders* | | | | | |
| *Concert Party Group* | | | | | |
| Dr. Liu Guoqing | 34,283,503 | 17,141,752 | 17,141,751 | 9.52% | 8.59% |
| Mr. Yang Guang | 14,928,508 | 7,464,254 | 7,464,254 | 4.15% | 3.74% |
| Mr. Zhou Xiang | 14,928,508 | 7,464,254 | 7,464,254 | 4.15% | 3.74% |
| Mr. Wang Qicheng | 13,348,191 | 6,674,096 | 6,674,095 | 3.71% | 3.34% |
| Mr. Yan Shengye | 5,993,470 | 2,996,735 | 2,996,735 | 1.66% | 1.50% |
| Mr. Wu Jianxin | 4,195,615 | 2,097,808 | 2,097,807 | 1.17% | 1.05% |

| Shareholders | Number of Shares held by the Shareholder as at the date of this prospectus | Number of Shares upon completion of the Global Offering[(1)] | | Aggregate ownership percentage as at the date of this prospectus | Aggregate ownership percentage upon completion of the Global Offering[(1)] |
|---|---|---|---|---|---|
| | | H Shares to be converted from Unlisted Shares | Unlisted Shares | | |
| ***ESOP Holding Entities*** | | | | | |
| Youjia Qingcheng . . . . . . . | 12,386,181 | 6,193,091 | 6,193,090 | 3.44% | 3.10% |
| Youjia Zhongcheng . . . . . . | 5,815,267 | 2,907,634 | 2,907,633 | 1.62% | 1.46% |
| Youjia Licheng. . . . . . . . . | 2,907,634 | 1,453,817 | 1,453,817 | 0.81% | 0.73% |
| **Subtotal . . . . . . . . . . . . .** | **405,000,000** | **54,393,441** | **54,393,436** | **30.22%** | **27.25%** |
| ***Major Pre-IPO Investors*** | | | | | |
| Beijing Siwei . . . . . . . . . . . | 32,611,320 | 32,611,320 | N/A | 9.06% | 8.17% |
| Shenzhen Zeyi . . . . . . . . . . | 21,421,719 | 21,421,719 | N/A | 5.95% | 5.37% |
| Guokai Zhizao . . . . . . . . . . | 20,548,643 | N/A | 20,548,643 | 5.71% | 5.15% |
| CICC Capital | | | | | |
| Liantong CICC. . . . . . . . . | 8,183,861 | 8,183,861 | N/A | 2.27% | 2.05% |
| CICC Alpha . . . . . . . . . . | 7,209,625 | 7,209,625 | N/A | 2.00% | 1.81% |
| CICC Changde. . . . . . . . . | 4,623,446 | 4,623,446 | N/A | 1.28% | 1.16% |
| Mr. Wu Yongming and his controlled entity | | | | | |
| Mr. Wu Yongming. . . . . . . | 8,316,675 | 8,316,675 | N/A | 2.31% | 2.08% |
| Hangzhou Yuanjing Lechi . . | 673,092 | 673,092 | N/A | 0.19% | 0.17% |
| Hangzhou Yuanjing Erjiu | | | | | |
| Suzhou Yuanjing. . . . . . . . | 4,408,171 | 4,408,171 | N/A | 1.22% | 1.10% |
| Hangzhou Yuanjing Chuangheng . . . . . . . . . | 4,408,171 | 4,408,171 | N/A | 1.22% | 1.10% |
| Zhiying Huirong | | | | | |
| Jiashi Shengqi . . . . . . . . . | 5,956,891 | 5,956,891 | N/A | 1.65% | 1.49% |
| Jiashi Shengde . . . . . . . . . | 5,628,665 | 5,628,665 | N/A | 1.56% | 1.41% |
| Jiashi Shengxuan . . . . . . . | 5,415,346 | 5,415,346 | N/A | 1.50% | 1.36% |
| Puhua | | | | | |
| Puhua Fengqi . . . . . . . . . | 6,730,883 | 6,730,883 | N/A | 1.87% | 1.69% |
| Binjiang Puhua . . . . . . . . | 4,640,749 | 4,640,749 | N/A | 1.29% | 1.16% |
| Puhua Tianqin . . . . . . . . . | 4,640,749 | 4,640,749 | N/A | 1.29% | 1.16% |
| Kangchengheng | | | | | |
| Jiaxin Yuande . . . . . . . . . | 10,307,511 | 10,307,511 | N/A | 2.86% | 2.58% |
| Kangchengheng Ruixiang. . . | 4,119,784 | 4,119,784 | N/A | 1.14% | 1.03% |
| Controlled entities of Mr. Zhang Tieshuang | | | | | |
| Xinrong Capital . . . . . . . . | 6,970,342 | 5,181,496 | 1,788,846 | 1.94% | 1.75% |
| Shenzhen Wanhe. . . . . . . . | 3,769,609 | 188,480 | 3,581,129 | 1.05% | 0.94% |

| Shareholders | Number of Shares held by the Shareholder as at the date of this prospectus | Number of Shares upon completion of the Global Offering[(1)] H Shares to be converted from Unlisted Shares | Number of Shares upon completion of the Global Offering[(1)] Unlisted Shares | Aggregate ownership percentage as at the date of this prospectus | Aggregate ownership percentage upon completion of the Global Offering[(1)] |
|---|---|---|---|---|---|
| Controlled entities of Mr. Ding Mingfeng | | | | | |
| Hechuang Intelligent | 7,701,739 | 7,701,739 | N/A | 2.14% | 1.93% |
| Qingdao Xinda | 131,864 | 131,864 | N/A | 0.04% | 0.03% |
| OFC | | | | | |
| SME Development | 6,179,681 | 6,179,681 | N/A | 1.72% | 1.55% |
| Dongfang Fuhai | 1,541,149 | 1,541,149 | N/A | 0.43% | 0.39% |
| Fuhai Youxuan | 1,541,149 | 1,541,149 | N/A | 0.43% | 0.39% |
| Xinzhifeng | 7,209,625 | 7,209,625 | N/A | 2.00% | 1.81% |
| Hubei Cathay Cartech | 6,727,996 | 6,727,996 | N/A | 1.87% | 1.69% |
| Shenzhen Shanchuang | 6,349,372 | 6,349,372 | N/A | 1.76% | 1.59% |
| Moqin Intelligent | 4,232,967 | 4,232,967 | N/A | 1.18% | 1.06% |
| Shanghai Ganche | 4,176,618 | N/A | 4,176,618 | 1.16% | 1.05% |
| ***Other Pre-IPO Investors*** | | | | | |
| Jinning Qianglian | 3,551,922 | 3,551,922 | N/A | 0.99% | 0.89% |
| Zhejiang Huihong | 3,093,770 | 3,093,770 | N/A | 0.86% | 0.78% |
| Shanghai Hongjin | 2,793,724 | 2,793,724 | N/A | 0.78% | 0.70% |
| Chantou Fund | 2,692,349 | 2,692,349 | N/A | 0.75% | 0.67% |
| Chongqing Shenghehui | 2,054,859 | 2,054,859 | N/A | 0.57% | 0.51% |
| Huazhi Xingrui | 2,019,267 | 1,009,633 | 1,009,634 | 0.56% | 0.51% |
| Boyuan Hongcheng | 2,019,267 | 2,019,267 | N/A | 0.56% | 0.51% |
| Suikai Intelligent | 1,884,646 | 1,884,646 | N/A | 0.52% | 0.47% |
| Fulin Investment | 1,546,978 | 1,546,978 | N/A | 0.43% | 0.39% |
| Chongqing Kexing | 1,541,149 | 1,541,149 | N/A | 0.43% | 0.39% |
| Suikai Intelligent No. 2 | 1,480,795 | 1,480,795 | N/A | 0.41% | 0.37% |
| Chaogaoqing Fund | 1,346,175 | 1,346,175 | N/A | 0.37% | 0.34% |
| Xinjing Fuying | 1,346,175 | 1,346,175 | N/A | 0.37% | 0.34% |
| Shenhong Huichuang | 962,950 | 962,950 | N/A | 0.27% | 0.24% |
| Shenwan Changhong | 962,950 | 962,950 | N/A | 0.27% | 0.24% |
| Kexi Zhongke | 807,703 | 807,703 | N/A | 0.22% | 0.20% |
| Kechuangzhihui No. 2 | 336,541 | 336,541 | N/A | 0.09% | 0.08% |
| Jipei Xinsheng | 216,290 | 216,290 | N/A | 0.06% | 0.05% |
| Hehe Suikai | 99,615 | 99,615 | N/A | 0.03% | 0.02% |
| ***Other Shareholder*** | | | | | |
| Nanchang Municipal | 4,078,586 | N/A | 4,078,586 | 1.13% | 1.02% |
| **Total** | **360,000,000** | **270,423,108** | **89,576,892** | **100%** | **90.18%** |

*Notes:*

(1) Assuming the Over-allotment Option is not exercised.

(2) The percentage figures included in this table have been subject to rounding adjustments. Accordingly, percentage figures shown as totals in the table may not be an arithmetic aggregation of the figures preceding them.

## RESTRICTION ON TRANSFER OF SHARES ISSUED PRIOR TO THE GLOBAL OFFERING

In accordance with Article 160 of the PRC Company Law, the shares issued prior to any listing of shares by a company cannot be transferred within one year from the date on which such publicly offered shares are listed and traded on the relevant stock exchange. As such, the Shares issued by the Company prior to the Global Offering will be subject to such statutory restriction on transfer within a period of one year from the Listing. See "History, Development and Corporate Structure—Pre-IPO Investments."

## CIRCUMSTANCES UNDER WHICH GENERAL MEETINGS ARE REQUIRED

Pursuant to the PRC Company Law and the terms of the Articles of Association, our Company may from time to time by special resolution of shareholders, among others, increase its capital or decrease its capital or repurchase of shares. See "Appendix V—Summary of Articles of Association."

## THE CORNERSTONE PLACING

We, the Joint Sponsors and the Overall Coordinators have entered into cornerstone investment agreements (the "**Cornerstone Investment Agreements**") with the cornerstone investors set forth below (the "**Cornerstone Investors**") who have agreed to subscribe for such number of our Offer Shares (rounded down to the nearest whole board lot of 200 H Shares) which may be purchased at the Offer Price with an aggregate amount of approximately HK$540.2 million) (exclusive of the brokerage, the SFC transaction levy, the AFRC transaction levy and the Stock Exchange trading fee) (the "**Cornerstone Placing**").

Assuming an Offer Price of HK$17.00 per Offer Share (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 31,778,600 H Shares, representing approximately (i) 81.1% of the Offer Shares pursuant to the Global Offering, assuming that the Over-allotment Option is not exercised, (ii) 8.0% of our total issued share capital upon completion of the Global Offering and assuming that the Over-allotment Option is not exercised, and (iii) 7.8% of our total issued share capital upon completion of the Global Offering and assuming full exercise of the Over-allotment Option.

Assuming an Offer Price of HK$18.60 per Offer Share (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 29,045,000 H Shares, representing approximately (i) 74.1% of the Offer Shares pursuant to the Global Offering, assuming that the Over-allotment Option is not exercised, (ii) 7.3% of our total issued share capital upon completion of the Global Offering and assuming that the Over-allotment Option is not exercised, and (iii) 7.2% of our total issued share capital upon completion of the Global Offering and assuming full exercise of the Over-allotment Option.

Assuming an Offer Price of HK$20.20 per Offer Share (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 26,744,400 H Shares, representing approximately (i) 68.2% of the Offer Shares pursuant to the Global Offering, assuming that the Over-allotment Option is not exercised, (ii) 6.7% of our total issued share capital upon completion of the Global Offering and assuming that the Over-allotment Option is not exercised, and (iii) 6.6% of our total issued share capital upon completion of the Global Offering and assuming full exercise of the Over-allotment Option.

Our Company is of the view that, leveraging on the Cornerstone Investors' investment experience and market position, the Cornerstone Placing will help to raise the profile of our Company and to signify that such Cornerstone Investors have confidence in our Company's business and prospect. Our Company became acquainted with each of the Cornerstone Investors in its ordinary course of operation through the Group's business network or through introduction by the Company's existing shareholders or business partners in the Global Offering.

The Cornerstone Placing will form part of the International Placing, and the Cornerstone Investors will not acquire 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 respects with the fully paid Shares in issue and, save for Offer Shares to be subscribed by KCH International Investment Limited, will be counted towards the public float of our Company for the purpose of Rule 8.08 of the Listing Rules. Immediately following the completion of the Global Offering, the Cornerstone Investors and their respective close associates will not, by virtue of the Cornerstone Placing, have any Board representation in our Company; and, save for KCH International Investment Limited, none of the other Cornerstone Investor and its respective close associates will become a substantial Shareholder of our Company. Other than a guaranteed allocation of the relevant Offer Shares at the Offer Price, the Cornerstone Investors do not have any preferential rights in the Cornerstone Investment Agreements compared with other public Shareholders. As confirmed by the Cornerstone Investors, none of the Cornerstone Investors or any of their respective affiliates, directors, supervisors, officers, employees, agents or representatives, has accepted or entered into any side agreement or arrangement to accept any direct or indirect benefits by side letter or otherwise, from our Company, any member of our Group, or any of their respective affiliates, directors, supervisors, 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.

To the best knowledge, information and belief of our Company, (i) save for KCH International Investment Limited, the other Cornerstone Investors and its respective ultimate beneficial owners are an Independent Third Parties; (ii) none of the Cornerstone Investors is accustomed to take or has taken instructions from our Company, the Directors, the Supervisors, chief executive of our Company, substantial Shareholders (save for Kangchengheng), existing Shareholders (save for Kangchengheng) or any of their respective subsidiaries or their respective close associates in relation to the acquisition, disposal, voting or other disposition of the Offer Shares; and (iii) none of the subscription of the Offer Shares by the Cornerstone Investors is directly or indirectly financed by our Company, the Directors, the Supervisors, chief executive of our Company, substantial Shareholders, existing Shareholders or any of their respective subsidiaries or their respective close associates.

As confirmed by each Cornerstone Investor, its subscription under the Cornerstone Placing would be financed by its own internal financial resources to settle its investment under the Cornerstone Placing. Each of the Cornerstone Investors has confirmed that all necessary approvals have been obtained with respect to the Cornerstone Placing.

KCH International Investment Limited was held as to 70% and 30% by Tianjin Kangchengheng Enterprise Management Consultation Partnership (Limited Partnership) (天津市康成亨企業管理諮詢合夥企業(有限合夥)) ("**Tianjin KCH**") and Fortuna Capital Management ("**Fortuna Capital**"), respectively, as at the Latest Practicable Date. Tianjin KCH was in turn held as to (i) 1% by its general partner, Kangchengheng and (ii) as to 99% by its limited partner, Zhuji Kangchengheng Huiying Investment Partnership (Limited Partnership) (諸暨康成亨匯英創業投資合夥企業(有限合夥)), respectively, as at the Latest Practicable Date.

Zhuji Kangchengheng Huiying Investment Partnership (Limited Partnership) was held as to (i) 1% by its general partner, Kangchengheng and (ii) 99% its limited partner, Zhuji Economic Development and Financing Investment Co., Ltd. (諸暨經開創融投資有限公司), which was ultimately controlled by Zhuji Municipal Finance Bureau (諸暨市財政局), respectively, as at the Latest Practicable Date. Therefore, KCH International Investment Limited is a close associate of Kangchengheng. Fortuna Capital holds a minority stake and is a passive investor in KCH International Investment Limited. As Fortuna Capital does not control any controlling stake or the board of directors of KCH International Investment Limited, it has no decision-making power in respect of the actions taken by KCH International Investment Limited. As at the Latest Practicable Date, KCH International Investment Limited was ultimately controlled by Kangchengheng, see "History, Development and Corporate Structure—Pre-IPO Investments—Information about our Major Pre-IPO Investors—9. Kangchengheng" in this prospectus for details of Kangchengheng. Save as disclosed above, KCH International Investment Limited is not a close associate of any other existing shareholders of the Company. Kangchengheng will become a substantial shareholder of the Company upon completion of the Global Offering. We have applied for, and the Stock Exchange has granted us, a waiver from strict compliance with Rule 10.04 and consent under paragraph 5(2) of Appendix F1 to the Listing Rules to permit us to allocate the Offer Shares to KCH International Investment Limited in the Global Offering. For details, see "Waivers from Strict Compliance with the Hong Kong Listing Rules" in this prospectus.

The 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 Placing and the Hong Kong Public Offering in the event of over-subscription under the Hong Kong Public Offering as described in the section headed "Structure of the Global Offering—The Hong Kong Public Offering—Reallocation."

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 December 24, 2024. The Cornerstone Investors have agreed to pay for the relevant Offer Shares that they have subscribed before dealings in the Company's H Shares commence on the Stock Exchange. The Cornerstone Investors have agreed that the Overall Coordinators may defer the delivery of all or any part of the Offer Shares it will subscribe to a date later than the Listing Date. Such delayed delivery arrangement is in place to facilitate the over-allocation in the International Placing. There will be no delayed delivery if there is no over-allocation in the International Placing. For details of the Over-allotment Option and the stabilization action by the Stabilizing Manager, see "Structure of the Global Offering—Over-allotment Option" and "Structure of the Global Offering—Stabilization" in this prospectus.

## OUR CORNERSTONE INVESTORS

The information about our Cornerstone Investors set forth below has been provided by the Cornerstone Investors in connection with the Cornerstone Placing.

KCH International Investment Limited is a company incorporated under the laws of Hong Kong on November 15, 2024. KCH International Investment Limited was held as to 70% and 30% by Tianjin KCH and Fortuna Capital, respectively, as at the Latest Practicable Date. Tianjin KCH was in turn held as to (i) 1% by its general partner, Kangchengheng and (ii) 99% by its limited partner, Zhuji Kangchengheng Huiying Investment Partnership (Limited Partnership) (諸暨康成亨匯英創業投資合夥企業(有限合夥)) respectively, as at the Latest Practicable Date. Zhuji Kangchengheng Huiying Investment Partnership (Limited Partnership) was held as to (i) 1% by its general partner, Kangchengheng and (ii) 99% by its limited partner, Zhuji Economic Development and Financing Investment Co., Ltd. (諸暨經開創融投資有限公司), which was ultimately controlled by Zhuji Municipal Finance Bureau (諸暨市財政局), respectively, as at the Latest Practicable Date. Fortuna Capital is a company incorporated in the British Virgin Islands in November 2023, and is principally engaged in equity investment, including primary and secondary equity markets in Hong Kong and the U.S., with a focus in the technology, consumer and healthcare sectors. Its ultimate beneficial owner is YANG Dehui (楊德會), who is an Independent Third Party. Fortuna Capital holds a minority stake and is a passive investor in KCH International Investment Limited. As Fortuna Capital does not control any controlling stake or the board of directors of KCH International Investment Limited, it has no decision-making power in respect of the actions taken by KCH International Investment Limited. As at the Latest Practicable Date, KCH International Investment Limited was ultimately controlled by Kangchengheng. Save as disclosed above, KCH International Investment Limited is not a close associate of any other existing shareholders of the Company. KCH International Investment Limited is a special purpose vehicle primarily established for the purpose of holding the Offer Shares to be acquired under the Cornerstone Placing. Kangchengheng is principally engaged in equity investment.

Horizon Together Holding Ltd. is an exempted company with limited liability incorporated under the laws of the Cayman Islands on August 29, 2022. Horizon Together Holding Ltd. is wholly owned by Horizon Robotics, a company listed on the Stock Exchange (stock code: 9660) and a leading provider of advanced driver assistance systems and autonomous driving solutions for passenger vehicles, empowered by its proprietary software and hardware technologies.

The table below sets forth the details of the Cornerstone Placing:

**Based on the Offer Price of HK$17.00 (being the low-end of the indicative Offer Price range)**

| Cornerstone Investors | Total Investment Amount | Number of Offer Shares to be acquired(1) | Approximate % of the Offer Shares | Approximate % of our total issued share capital immediately upon completion of the Global Offering |
|---|---|---|---|---|
| | *(in HK$)* | | | |
| KCH International Investment Limited | 528,577,600 | 31,092,800 | 79.3% | 7.8% |
| Horizon Together Holding Ltd. | 11,658,600 | 685,800 | 1.7% | 0.2% |
| **Total** | 540,236,200 | 31,778,600 | 81.1% | 8.0% |

*Note 1:* Subject to rounding down to the nearest whole board lot of 200 H Shares. Calculated based on the exchange rate set out in "Information about this Prospectus and the Global Offering—Exchange Rate Conversion."

**Based on the Offer Price of HK$18.60 (being the mid-point of the indicative Offer Price range)**

| Cornerstone Investors | Total Investment Amount | Number of Offer Shares to be acquired(1) | Approximate % of the Offer Shares | Approximate % of our total issued share capital immediately upon completion of the Global Offering |
|---|---|---|---|---|
| | *(in HK$)* | | | |
| KCH International Investment Limited | 528,578,520 | 28,418,200 | 72.5% | 7.1% |
| Horizon Together Holding Ltd. | 11,658,480 | 626,800 | 1.6% | 0.2% |
| **Total** | 540,237,000 | 29,045,000 | 74.1% | 7.3% |

*Note 1:* Subject to rounding down to the nearest whole board lot of 200 H Shares. Calculated based on the exchange rate set out in "Information about this Prospectus and the Global Offering—Exchange Rate Conversion."

**Based on the Offer Price of HK$20.20 (being the high-end of the indicative Offer Price range)**

| Cornerstone Investors | Total Investment Amount | Number of Offer Shares to be acquired(1) | Approximate % of the Offer Shares | Approximate % of our total issued share capital immediately upon completion of the Global Offering |
|---|---|---|---|---|
| | *(in HK$)* | | | |
| KCH International Investment Limited | 528,577,440 | 26,167,200 | 66.8% | 6.6% |
| Horizon Together Holding Ltd. | 11,659,440 | 577,200 | 1.5% | 0.1% |
| **Total** | 540,236,880 | 26,744,400 | 68.2% | 6.7% |

*Note 1:* Subject to rounding down to the nearest whole board lot of 200 H Shares. Calculated based on the exchange rate set out in "Information about this Prospectus and the Global Offering—Exchange Rate Conversion."

## CLOSING CONDITIONS

The obligation of each of 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 in a manner according to the Hong Kong Underwriting Agreement;

(iii) the Hong Kong Stock Exchange having granted the approval for the listing of, and permission to deal in, the H Shares (including the H Shares under the Cornerstone Placing) 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 H Shares on the Stock Exchange;

(iv) the CSRC having accepted of the Company's filing and published the filing results in respect of the Company's filing on its website, and such notice of acceptance and/or filing results published not having otherwise been rejected, withdrawn, revoked or invalidated prior to the commencement of dealings in the H Shares on the Stock Exchange;

(v) no laws shall have been enacted or promulgated which prohibits the consummation of the transactions contemplated in the Global Offering or the respective Cornerstone Investment Agreement, and there being no orders or injunctions from a court of competent jurisdiction in effect precluding or prohibiting consummation of such transactions; and

(vi) the agreement, representations, warranties, acknowledgements, undertakings and confirmations of the Cornerstone Investors under the respective Cornerstone Investment Agreement are (as of the date of the respective Cornerstone Investment Agreement) and will be (as of the Closing (as defined in the respective Cornerstone Investment Agreement)) accurate and true in all respects and not misleading and that there is no material breach of the respective Cornerstone Investment Agreement on the part of the relevant Cornerstone Investors.

## RESTRICTIONS ON THE CORNERSTONE INVESTORS

Each of the Cornerstone Investors has agreed that without the prior written consent of our Company, the Joint Sponsors and the Overall Coordinators, it will not, whether directly or indirectly, at any time during the period of six months following the Listing Date (both days inclusive) (the "**Lock-up Period**"), dispose of, in any way, any of the Offer Shares it has purchased, pursuant to the respective Cornerstone Investment Agreement, save for certain limited circumstances, such as transfers to any of its wholly-owned subsidiaries who will be bound by the same obligations of the Cornerstone Investors, including the Lock-up Period restriction.

So far as our Directors are aware, immediately following the completion of the Global Offering and assuming the Over-allotment Option is not exercised, the following persons will have interests and/or short positions in the Shares or underlying shares of our Company which would fall to be disclosed pursuant to the provisions of Divisions 2 and 3 of Part XV of the SFO, or, directly or indirectly, be interested in 10% or more of the nominal value of any class of share capital carrying the rights to vote in all circumstances at general meetings of our Company:

| | | | As of the Latest Practicable Date | | Immediately following the completion of the Global Offering (assuming the Over-Allotment Option is not exercised)[2] | | |
|---|---|---|---|---|---|---|---|
| Name of Shareholder | Type of Shares to be held upon Listing | Nature of Interest | Number of Shares[1] | Approximate percentage in the total issued Shares | Number of Shares[1] | Approximate percentage of shareholding in the relevant type of Shares | Approximate percentage in the total issued Shares |
| Dr. Liu Guoqing | Unlisted Shares | Beneficial interest | 34,283,503 | 9.52% | 17,141,751 | 19.14% | 27.25% |
| | | Interests held jointly with another person[3] | 53,394,292 | 14.83% | 26,697,145 | 29.80% | |
| | | Interest in controlled Corporations[4] | 21,109,082 | 5.86% | 10,554,540 | 11.78% | |
| | H Shares | Beneficial interest | – | – | 17,141,752 | 5.54% | |
| | | Interests held jointly with another person[3] | – | – | 26,697,147 | 8.62% | |
| | | Interest in controlled corporations[4] | – | – | 10,554,542 | 3.41% | |
| Mr. Yang Guang | Unlisted Shares | Beneficial interest | 14,928,508 | 4.15% | 7,464,254 | 8.33% | 21.96% |
| | | Interests held jointly with another person[3] | 72,749,287 | 20.21% | 36,374,642 | 40.61% | |
| | H Shares | Beneficial interest | – | – | 7,464,254 | 2.41% | |
| | | Interests held jointly with another person[3] | – | – | 36,374,645 | 11.75% | |
| Mr. Zhou Xiang | Unlisted Shares | Beneficial interest | 14,928,508 | 4.15% | 7,464,254 | 8.33% | 21.96% |
| | | Interests held jointly with another person[3] | 72,749,287 | 20.21% | 36,374,642 | 40.61% | |
| | H Shares | Beneficial interest | – | – | 7,464,254 | 2.41% | |
| | | Interests held jointly with another person[3] | – | – | 36,374,645 | 11.75% | |

| Name of Shareholder | Type of Shares to be held upon Listing | Nature of Interest | As of the Latest Practicable Date: Number of Shares(1) | As of the Latest Practicable Date: Approximate percentage in the total issued Shares | Immediately following the completion of the Global Offering (assuming the Over-Allotment Option is not exercised)(2): Number of Shares(1) | Approximate percentage of shareholding in the relevant type of Shares | Approximate percentage in the total issued Shares |
|---|---|---|---|---|---|---|---|
| Mr. Wang Qicheng | Unlisted Shares | Beneficial interest | 13,348,191 | 3.71% | 6,674,095 | 7.45% | 21.96% |
| | | Interests held jointly with another person(3) | 74,329,604 | 20.65% | 37,164,801 | 41.49% | |
| | H Shares | Beneficial interest | – | – | 6,674,096 | 2.16% | |
| | | Interests held jointly with another person(3) | – | – | 37,164,803 | 12.00% | |
| Mr. Yan Shengye | Unlisted Shares | Beneficial interest | 5,993,470 | 1.66% | 2,996,735 | 3.35% | 21.96% |
| | | Interests held jointly with another person(3) | 81,684,325 | 22.69% | 40,842,161 | 45.59% | |
| | H Shares | Beneficial interest | – | – | 2,996,735 | 0.97% | |
| | | Interests held jointly with another person(3) | – | – | 40,842,164 | 13.19% | |
| Mr. Wu Jianxin | Unlisted Shares | Beneficial interest | 4,195,615 | 1.17% | 2,097,807 | 2.34% | 21.96% |
| | | Interests held jointly with another person(3) | 83,482,180 | 23.19% | 41,741,089 | 46.60% | |
| | H Shares | Beneficial interest | – | – | 2,097,808 | 0.68% | |
| | | Interests held jointly with another person(3) | – | – | 41,741,091 | 13.48% | |
| Youjia Qingcheng | Unlisted Shares | Beneficial interest(4) | 12,386,181 | 3.44% | 6,193,090 | 6.91% | 3.10% |
| | H Shares | | – | – | 6,193,091 | 2.00% | |
| Beijing Siwei | Unlisted Shares | Beneficial interest | 32,611,320 | 9.06% | – | – | 8.17% |
| | H Shares | | – | – | 32,611,320 | 10.53% | |
| Shenzhen Zeyi | Unlisted Shares | Beneficial interest | 21,421,719 | 5.95% | – | – | 5.37% |
| | H Shares | | – | – | 21,421,719 | 6.92% | |
| Guokai Zhizao | Unlisted Shares | Beneficial interest | 20,548,643 | 5.71% | 20,548,643 | 22.94% | 5.15% |
| China International Capital Corporation Ltd. | Unlisted Shares | Interest in controlled corporations(5) | 20,016,932 | 5.56% | – | – | 5.01% |
| | H Shares | | – | – | 20,016,932 | 6.47% | |
| Zhiying Huirong Private Fund Management (Beijing) Co., Ltd. | Unlisted Shares | Interest in controlled corporations(6) | 17,000,902 | 4.72% | – | – | 4.26% |
| | H Shares | | – | – | 17,000,902 | 5.49% | |

| Name of Shareholder | Type of Shares to be held upon Listing | Nature of Interest | As of the Latest Practicable Date | | Immediately following the completion of the Global Offering (assuming the Over-Allotment Option is not exercised)(2) | | |
|---|---|---|---|---|---|---|---|
| | | | Number of Shares(1) | Approximate percentage in the total issued Shares | Number of Shares(1) | Approximate percentage of shareholding in the relevant type of Shares | Approximate percentage in the total issued Shares |
| Zhejiang Puhua Tianqin Equity Investment Management Co., Ltd. | Unlisted Shares | Interest in controlled corporations(7) | 16,012,381 | 4.45% | – | – | 4.01% |
| | H Shares | | – | – | 16,012,381 | 5.17% | |
| Mr. Zhang Tieshuang | Unlisted Shares | Interest in controlled Corporations(8) | 10,739,951 | 2.98% | 5,369,975 | 5.99% | 2.69% |
| | H Shares | | – | – | 5,369,976 | 1.73% | |
| Kangchengheng | Unlisted Shares | Interest in controlled corporations(9) | 14,427,295 | 4.01% | – | – | 3.61% |
| | H Shares | | – | – | 14,427,295 | 4.66% | |

(1) All interests stated are long positions.

(2) The calculation is based on the assumption that immediately following the completion of the Global Offering, there will be (i) a total number of 89,576,892 Unlisted Shares in issue; and (ii) a total number of 309,613,108 H Shares (including 270,423,108 H Shares converted from Unlisted Shares without taking into consideration the exercise of Over-allotment Option) in issue. For details, see "Share Capital."

(3) Pursuant to the Amended Concert Party Agreement, each of Dr. Liu Guoqing, Mr. Yang Guang, Mr. Zhou Xiang, Mr. Wang Qicheng, Mr. Yan Shengye and Mr. Wu Jianxin agreed to be parties acting in concert in (i) aligning their votes in the board meetings of our Company, and (ii) aligning their votes in the Shareholders' meeting of our Company in respect of the Shares in our Company beneficially owned by each of them from time to time, since they became and remained as Directors or Shareholders of our Company. Therefore, under the SFO, each of Dr. Liu Guoqing, Mr. Yang Guang, Mr. Zhou Xiang, Mr. Wang Qicheng, Mr. Yan Shengye and Mr. Wu Jianxin is deemed to be interested in the Shares held by each other.

(4) Dr. Liu Guoqing is the general partner of Youjia Qingcheng, Youjia Zhongcheng and Youjia Licheng, the ESOP Holding Entities. Therefore, under the SFO, Dr. Liu is deemed to be interested in Shares held by Youjia Qingcheng, Youjia Zhongcheng and Youjia Licheng.

(5) The general partner of Liantong Zhongjin Innovation Industry Equity Investment Fund (Shenzhen) Partnership (Limited Partnership) (聯通中金創新產業股權投資基金(深圳)合夥企業(有限合夥)) ("**Liantong CICC**") is Liantong CICC Private Equity Investment Management (Shenzhen) Co., Ltd. (聯通中金私募股權投資管理(深圳)有限公司), which is in turn held as to 51% by CICC Capital Operations Co., Ltd. (中金資本運營有限公司) (the "**CICC Capital**"). CICC Capital is ultimately wholly owned by China International Capital Corporation Ltd. (中國國際金融股份有限公司). The general partner of Qingdao CICC Alpha Intelligent Internet Industry Equity Investment Fund (Limited Partnership) (青島中金甲子智能互聯產業股權投資基金(有限合夥)) ("**CICC Alpha**") is CICC ALPHA (Beijing) Private Equity Investment Fund Management Co., Ltd. (中金甲子(北京)私募投資基金管理有限公司), which is in turn held by CICC Capital as to 51%. The general partner of Zhongjin (Changde) Emerging Industry Venture Capital Partnership (Limited Partnership) (中金(常德)新興產業創業投資合夥企業(有限合夥)) ("**CICC Changde**") is CICC Capital. Therefore, under the SFO, each of China International Capital Corporation Ltd. and CICC Capital is deemed to be interested in Shares held by Liantong CICC, CICC Alpha, and CICC Changde. See "History, Development and Corporate Structure—Pre-IPO Investments—Information about our Major Pre-IPO Investors."

(6) The general partner of each of Zhuhai Jiashi Shengqi Venture Capital Fund Partnership (Limited Partnership) (珠海嘉實盛啟創業投資基金合夥企業(有限合夥)) ("**Jiashi Shengqi**"), Zhuhai Jiashi Shengde Venture Capital Fund Partnership (Limited Partnership) (珠海嘉實盛德創業投資基金合夥企業(有限合夥)) ("**Jiashi Shengde**") and Zhuhai Jiashi Shengxuan Venture Capital Fund Partnership (Limited Partnership) (珠海嘉實盛烜創業投資基金合夥企業(有限合夥)) ("**Jiashi Shengxuan**") is Zhiying Huirong Private Fund Management (Beijing) Co., Ltd. (智盈匯融私募基金管理(北京)有限公司) ("**Zhiying Huirong**"). Therefore, under the SFO, Zhiying Huirong is deemed to be interested in Shares held by Jiashi Shengqi, Jiashi Shengde and Jiashi Shengxuan. See "History, Development and Corporate Structure—Pre-IPO Investments—Information about our Major Pre-IPO Investors."

(7) The general partner of each of Tongxiang Wuzhen Puhua Fengqi Venture Capital Partnership (Limited Partnership) (桐鄉烏鎮普華鳳棲創業投資合夥企業(有限合夥)) ("**Puhua Fengqi**") and Jinhua Puhua Tianqin Equity Investment Fund Partnership (Limited Partnership) (金華普華天勤股權投資基金合夥企業(有限合夥)) ("**Puhua Tianqin**") is Zhejiang Puhua Tianqin Equity Investment Management Co., Ltd. (浙江普華天勤股權投資管理股份有限公司) ("**Puhua**"). The general partner of Hangzhou Binjiang Puhua Tianqing Equity Investment Partnership (Limited Partnership) (杭州濱江普華天晴股權投資合夥企業(有限合夥)) ("**Binjiang Puhua**") is Hangzhou Binjiang Puhua Equity Investment Management Co., Ltd. (杭州濱江普華股權投資管理有限公司), which is in turn held by Puhua as to 70%. Therefore, under the SFO, Puhua is deemed to be interested in Shares held by Puhua Fengqi, Binjiang Puhua and Puhua Tianqin. See "History, Development and Corporate Structure—Pre-IPO Investments—Information about our Major Pre-IPO Investors."

(8) The general partner of Harbin Xinrong Qihang Venture Capital Enterprise (Limited Partnership) (哈爾濱鑫榕啟航創業投資企業(有限合夥)) ("**Xinrong Capital**") is Zhoushan Guangchuan Venture Capital Partnership (Limited Partnership) which is in turn held as to 95% by Mr. Zhang Tieshuang. The general partner of Shenzhen Qianhe Wanhe Venture Capital Partnership (Limited Partnership) (深圳千賀萬禾創業投資合夥企業(有限合夥)) ("**Shenzhen Wanhe**") is Tianjin Yuerong Qihe Enterprise Management Partnership (Limited Partnership) (天津越榕啟赫企業管理合夥企業(有限合夥)) which is held by its general partner, Mr. Zhang Tieshuang as to 10%. Therefore, under the SFO, Mr. Zhang Tieshuang is deemed to be interested in Shares held by Xinrong Capital and Shenzhen Wanhe. For details, see "History, Development and corporate structure—Pre-IPO Investments—Information about our Major Pre-IPO Investors."

(9) The general partner of Jiaxin Yuande is Jialin Management , which is in turn held by Kangchengheng as to approximately 51.5%. The general partner of Kangchengheng Ruixiang is Kangchengheng. Kangchengheng is held as to 87% by Mr. Yuan Yakang (袁亞康). Therefore, under the SFO, each of Kangchengheng and Mr. Yuan Yakang is deemed to be interested in Shares held by Jiaxin Yuande and Kangchengheng Ruixiang. See "History, Development and Corporate Structure—Pre-IPO Investments—Information about our Major Pre-IPO Investors." Kangchengheng will be one of our substantial shareholder holding 45,520,095 H Shares upon Listing (calculated based on the low-end of the indicative Offer Price range), representing 11.40% of total issued Shares upon Listing (assuming the Overallotment Option is not exercised). See "Cornerstone Investors" in this prospectus for details of the subscription by KCH International Investment Limited.

Saved as disclosed herein, 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 the Conversion of Unlisted Shares into H Shares, 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.

*The following discussion and analysis should be read in conjunction with our consolidated financial statements included in "Appendix I—Accountant's Report," together with the accompanying notes. Our consolidated financial statements have been prepared in accordance with IFRS.*

*The following discussion and analysis contains forward-looking statements that involve risks and uncertainties. These statements are based on assumptions and analysis that we make in light of 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" and "Forward-Looking Statements" and elsewhere in this prospectus.*

## OVERVIEW

We are an intelligent driving and cabin solutions provider in China offering solutions for critical aspects of the driving experience, including piloting, parking and in-cabin functions. Adhering to an incremental approach of intelligent driving development, we gradually develop our intelligent driving solutions across different levels of automation, and together with intelligent cabin solutions and vehicle infrastructure cooperative systems, we are devoted to becoming a leader in the automotive intelligence solutions industry. In particular, our solutions comprise:

- **Intelligent Driving Solutions.** Our intelligent driving solutions primarily include the iSafety and iPilot series. Our iSafety solutions, developed based on ADAS technologies, feature: (i) a rich array of cost-effective functions enhancing automotive intelligence and safety; and (ii) high compatibility with various vehicle models, SoC platforms and other components. Leveraging our technological capabilities at higher levels of intelligent driving techniques, we provide iPilot solutions to accommodate the various customization needs of OEMs and tier-one suppliers for more innovative automation functions of their vehicles in a wide range of application scenarios. Furthermore, we are developing ADS functions and expect to deliver our iRobo solutions in the first quarter of 2025, which is currently in the testing phase. Our iRobo solutions can support fully autonomous driving in specific areas and operating scenarios.

- **Intelligent Cabin Solutions.** Our intelligent cabin solutions are centered around in-cabin sensing and in-cabin interaction, with primary offerings comprising DMS solutions, OMS solutions and other solutions. Supported by our in-house proprietary perception algorithms, our intelligent cabin solutions are able to achieve high stability and accuracy while performing a broad spectrum of functions that enrich the in-vehicle user experience and automotive safety.

- **Vehicle Infrastructure Cooperative Systems.** Leveraging our core technologies and our extensive experience of intelligent driving and cabin solutions that have been validated on a large scale, we offer vehicle infrastructure cooperative systems, that integrate in-house developed sensor devices such as radar and cameras and advanced V2X technologies. Our collaboration typically involves customers in the transportation infrastructure sector aiming to augment road safety and traffic efficiency, as well as to improve control over traffic flow. Meanwhile, we also help customers manage traffic flows in industry parks and parking areas.

We achieved fast revenue growth during the Track Record Period. Our revenue increased from RMB175.2 million in 2021 to RMB279.4 million in 2022, and further increased to RMB476.2 million in 2023, representing a CAGR of 64.9% from 2021 to 2023. Our revenue also increased by 44.5% from RMB163.8 million in the six months ended June 30, 2023 to RMB236.7 million in the six months ended June 30, 2024. We had net losses of RMB139.8 million, RMB220.8 million, RMB207.2 million, RMB132.8 million and RMB112.0 million, respectively, in 2021, 2022 and 2023 and the six months ended June 30, 2023 and 2024. Our net loss margin was 79.8%, 79.0%, 43.5%, 81.1% and 47.3% in 2021, 2022 and 2023 and the six months ended June 30, 2023 and 2024, respectively.

## BASIS OF PRESENTATION

Our historical financial information has been prepared in accordance with IFRS, issued by the International Accounting Standards Board. The historical financial information has been prepared under the historical cost convention, as modified by the revaluation of financial assets and financial liabilities at fair value, which are carried at fair value.

The preparation of the historical financial information in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying our accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the historical financial information are disclosed in Note 4 to the Accountant's Report included in Appendix I to this prospectus.

## KEY FACTORS AFFECTING OUR RESULTS OF OPERATIONS

The success and growth of our business depend on many factors. While each of these factors presents significant opportunities for our business, they also pose important challenges that we must successfully address to optimize our results of operations and sustain our growth.

**Our ability to successfully develop and commercialize our solutions and to optimize our solutions mix**

The success of our business depends on our ability to develop competitive intelligent driving solutions, intelligent cabin solutions and vehicle infrastructure cooperative systems and collaborate with downstream OEMs and tier-one suppliers towards commercialization. We generate most of our revenue from sales of intelligent driving solutions to automotive OEMs and tier-one suppliers during the Track Record Period. Our revenue increased significantly from RMB175.2 million in 2021 to RMB279.4 million in 2022 and to RMB476.2 million in 2023 and increased from RMB163.8 million in the six months ended June 30, 2023 to RMB236.7 million in the six months ended June 30, 2024. Such growth was mainly due to (i) an increase in the number of design wins we obtained from OEMs, which was in line with the increased market demand for intelligent driving solutions, (ii) an increase in the number of delivered projects of iSafety and iPilot solutions, and (iii) the commercialization of our intelligent cabin solutions and vehicle infrastructure cooperative systems. As of December 31, 2021, 2022 and 2023 and June 30, 2024, we had design wins under development for 20, 36, 51 and 41 vehicle models with 14, 20, 21 and 22 OEMs, respectively, and had undertaken mass production for 22, 53, 64 and 94 vehicle models with 9, 19, 26 and 29 OEMs, respectively.

Our gross margin varies across business lines, due to a variety of factors including manufacturing costs, technological advancement, pricing power, market demand and availability of competing solutions, among other things. See "—Description of Key Components of Our Results of Operations—Gross Profit and Gross Margin." In addition, some of our business lines, such as vehicle infrastructure cooperative systems, have achieved a high growth rate during the Track Record Period, affecting our revenue mix. Changes in our solutions mix and revenue mix may also affect our overall gross margin and subsequently other aspects of our business performance.

Our gross margin increased from 9.7% in 2021 to 12.0% in 2022 and to 14.3% in 2023 and from 8.3% in the six months ended June 30, 2023 to 14.1% in the six months ended June 30, 2024, primarily attributable to (i) the achievement of economies of scale as we scaled up our business, and (ii) the increase in the number of delivered projects with a higher gross margin.

**Our ability to deepen relationships with existing customers and expand our customer base**

Our future growth depends on our ability to maintain and deepen relationships with our existing customers, as well as expand our customer base. Our customers are mostly automotive OEMs and tier-one suppliers in China. For the years ended December 31, 2021, 2022 and 2023 and the six months ended June 30, 2024, the revenue from our five largest customers for the respective years/period in aggregate was RMB136.8 million, RMB119.1 million, RMB175.6 million and RMB94.0 million, respectively, representing 78.0%, 42.7%, 37.0% and 39.8% of our total revenue, respectively. For details, see "Business—Our Customers—Major Customers."

Changes in relationship with our existing customers may affect our results of operation and financial condition. We had maintained close and sustainable business relationships with our five largest customers in each year/period of the Track Record Period. We are committed to deepening our relationships with existing customers. Leveraging our leading technology and diverse solutions portfolio, we believe we will be able to continue to provide competitive intelligent driving solutions, intelligent cabin solutions and vehicle infrastructure cooperative systems to our customers and further reinforce our cooperation with them.

Furthermore, we are dedicated to identifying and engaging new customers to expand our customer base. Leveraging our deep insights and strong R&D capabilities in intelligent driving, we are committed to attracting new OEM customers with our innovative solutions catering to end users' evolving needs. As of December 31, 2021, 2022 and 2023 and June 30, 2024, we had design wins under development for 20, 36, 51 and 41 vehicle models with 14, 20, 21 and 22 OEMs, respectively, and had undertaken mass production for 22, 53, 64 and 94 vehicle models with 9, 19, 26 and 29 OEMs, respectively. As we continue to optimize our solutions and expand our sales network, we expect to attract more OEM customers in the future.

To expand our customer base, our selling expenses may increase due to our promotion and marketing activities. Our selling expenses primarily consist of employee benefit expenses and share-based payments related to our sales and marketing personnel and services fees. Our selling expenses were RMB51.7 million, RMB63.4 million, RMB72.7 million, RMB33.1 million and RMB32.0 million in 2021, 2022 and 2023 and the six months ended June 30, 2023 and 2024, respectively, representing 29.5%, 22.7%, 15.3%, 20.2% and 13.5% of our total revenue, respectively. Our selling expenses decreased as a percentage of our total revenue during the Track Record Period as we continued to improve operational efficiency.

**Our ability to effectively invest in technology and talent**

Our financial performance is dependent on our ability to maintain our leading position in the automotive intelligence solutions industry. According to CIC, in 2023, we ranked seventh among all domestic intelligent driving solutions providers and ranked fourth among all emerging technology companies in China, with a market share of 0.6%, in terms of revenue of Level 0 to Level 2+ solutions. Our market share is affected by our ability to maintain our leading position in solution performance, which further depends on our effective investments in R&D. In particular, we are committed to enhancing our intelligent driving technology capabilities through our investment in R&D, which we believe will further drive our future revenue growth.

It is essential that we continually and effectively invest in technology and talent to develop and introduce innovative solutions catering to our customers' evolving needs. In particular, our research and development expenses were RMB82.2 million, RMB139.3 million, RMB149.8 million, RMB81.4 million and RMB63.3 million in 2021, 2022 and 2023 and the six months ended June 30, 2023 and 2024, respectively. We also plan to utilize a major portion of our net proceeds from the Global Offering to enhance our R&D capabilities. For details, see "Future Plans and Use of Proceeds—Use of Proceeds." Meanwhile, we intend to continually invest in attracting and retaining key talent to strengthen our technological advantages and support our business growth. As of June 30, 2024, our R&D team comprised 304 dedicated employees, of which 53.9% held a bachelor's degree and 28.9% held a master's degree or above.

**Our ability to effectively manage our costs and expenses and enhance operating efficiency**

Our future profitability depends significantly on our ability to control manufacturing costs, which are affected by a number of factors, such as production volume and raw material prices. Our cost of sales was RMB158.2 million, RMB245.8 million, RMB408.2 million, RMB150.2 million and RMB203.3 million in 2021, 2022 and 2023 and the six months ended June 30, 2023 and 2024, respectively, representing 90.3%, 88.0%, 85.7%, 91.7% and 85.9% of our total revenue, respectively. Our cost of sales primarily consists of raw materials and components used. The key raw materials and components used in our production include electronic components, automotive-grade chips, PCB and camera modules. We believe that as we ramp up the production volume of our intelligent driving and in-cabin solutions, we can achieve economies of scale such that our manufacturing costs as a percentage of our total revenue will decrease. In addition, we also plan to continually leverage digital intelligence and automation to optimize our operating efficiency and cost structure.

**Seasonality**

Our results of operations of our intelligent driving and intelligent cabin solutions businesses are affected by seasonal fluctuations in demand for our solutions, as affected by market trends of the automotive industry. Given our customers in the automotive industry usually deliver more of their vehicle models towards the year end, it can have an impact on our delivery of relevant solutions in the fourth quarter of each year. Our delivery of relevant solutions typically increase in the second half of the year, which is generally in line with the overall automotive industry in China according to CIC. Such fluctuations are seasonal in nature and thus quarterly or half-year results are not indicative of our results of operations for the full year. For relevant risks, see "Risk Factors—Risks Relating to Our Business and Industry—Our operations are subject to seasonal fluctuations."

## CRITICAL ACCOUNTING POLICIES, ESTIMATES AND JUDGMENTS

The preparation of the historical financial information requires the use of accounting estimates which, by definition, will seldom equal the actual results. Our management also needs to exercise judgment in applying our accounting policies. Estimates and judgments are continually evaluated. They are based on historical experience and other factors, including expectations of future events that may have a financial impact on us and that are believed to be reasonable under the circumstances. For details on such estimates and judgments, see Note 4 to the Accountant's Report included in Appendix I to this prospectus.

Our management has identified below the accounting policies, estimates and judgments that they believe are critical to the preparation of our financial statements:

**Revenue Recognition**

Revenue is recognized when or as the control of the goods or services is transferred to a customer. A customer is the party that contracts with us to purchase goods or services which are the output of our ordinary activities in exchange for consideration.

Contracts with customers may include multiple performance obligations. For such arrangements, we allocate revenue to each performance obligation based on its relative standalone selling price. We generally determine standalone selling prices based on the prices charged to customers. If the standalone selling price is not directly observable, it is estimated using expected cost plus a margin or adjusted market assessment approach, depending on the availability of observable information. Assumptions and estimations have been made in estimating the relative selling price of each distinct performance obligation, and changes in judgments on these assumptions and estimates may impact the revenue recognition.

When either party to a contract has performed, we present the contract on the consolidated statements of balance sheets as a contract asset or a contract liability, depending on the relationship between the entity's performance and the customer's payment.

If a customer pays consideration or we have a right to an amount of consideration that is unconditional, before we transfer a good or service to the customer, we present the contract liability when the payment is made or a receivable is recorded (whichever is earlier). A contract liability is our obligation to transfer goods or services to a customer for which we have received consideration (or an amount of consideration is due) from the customer.

The revenue is measured at the transaction price agreed under the contract. Amounts disclosed as revenue are net of return, trade allowances and amounts collected on behalf of third parties.

***Sales of Solutions***

We manufacture and sell intelligent driving solutions in the market and generate revenue from sales of driving assistance solutions (iSafety), intelligent navigation assistance solutions (iPilot), intelligent cabin solutions and other related solutions.

The revenue for sales of solutions mentioned above is recognized at a point in time when the control of the solutions mentioned above are transferred to the customer. Specifically, sales are recognized when the solutions have been shipped to the specific location in accordance with the sales contract and the customers have inspected and accepted the solutions.

***Services and Vehicle infrastructure cooperative systems***

We provide services and vehicle infrastructure cooperative systems to customers. We recognize revenue at a point in time when performance obligations are satisfied as well as the agreed deliverables are accepted by customers. We do not have any enforceable right to payment before the agreed deliverables are accepted by customers.

***Others***

Others mainly refer to the revenue generated from sales of spare parts and rendering maintenance services. Such revenue is recognized at a point in time.

**Leases**

We lease various buildings, factories and warehouses. Rental contracts are typically made for fixed periods of one year to four years but may have extension options as described below.

Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants other than the security interests in the leased assets that are held by the lessor. Leased assets may not be used as security for borrowing purposes.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases in our Group, the lessee's incremental borrowing rate is used, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

To determine the incremental borrowing rate, we:

- where possible, use recent third-party financing received by the individual lessee as a starting point, adjusted to reflect changes in financing conditions since third party financing was received;

- use a build-up approach that starts with a risk-free interest rate adjusted for credit risk for leases held by us, which does not have recent third-party financing; and

- make adjustments specific to the lease, such as term, country, currency and security.

If a readily observable amortizing loan rate is available to the individual lessee (through recent financing or market data) which has a similar payment profile to the lease, then the entities within our Group use that rate as a starting point to determine the incremental borrowing rate.

Right-of-use assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. If we are reasonably certain to exercise a purchase option, the right-of-use asset is depreciated over the underlying asset's useful life.

Payments associated with short-term leases of building are recognized on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less without a purchase option.

**Impairment of Financial Assets**

The loss allowances for financial assets are based on assumptions about risk of default and expected loss rates. We use judgment in making these assumptions and selecting the inputs to the impairment calculation, based on our past history, existing market conditions, as well as forward-looking estimates at the end of each Track Record Period. Details of the key assumptions and inputs used are disclosed in the tables in Note 3.1 to the Accountant's Report included in Appendix I to this prospectus.

**Inventory Provision**

Inventories are stated at the lower of cost and net realizable value. The net realizable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale. Even though our management has made the best estimate about the inventory write-down loss predicted to occur and provided allowance for write-down, the write-down assessment may still be significantly changed due to the change of market situations.

**Recognition of Share-based Payment Expenses**

As disclosed in Note 29 to the Accountant's Report included in Appendix I to this prospectus, we granted shares to our employees, which are viewed as share-based payment transaction in substance. These transactions resulted in the recognition of share-based payment expenses. The directors of our Company have used the discounted cash flow method and back-solve method to determine the fair value of the equity instruments granted. Significant estimate on assumptions, such as the risk-free interest rate, expected volatility, dividend yield and discount for lack of discount on marketability are made based on management's best estimates.

## RESULTS OF OPERATIONS

The following table summarizes our results of operations for the years/periods indicated:

| | Year ended December 31, | | | | | | Six months ended June 30, | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | 2021 | | 2022 | | 2023 | | 2023 | | 2024 | |
| | Amount | % of revenue | Amount | % of revenue | Amount | % of revenue | Amount | % of revenue | Amount | % of revenue |
| | *(RMB in thousands, except for percentages)* | | | | | | | | | |
| | | | | | | | *(unaudited)* | | | |
| Revenue | 175,174 | 100.0 | 279,358 | 100.0 | 476,206 | 100.0 | 163,834 | 100.0 | 236,675 | 100.0 |
| Cost of sales | (158,173) | (90.3) | (245,788) | (88.0) | (408,184) | (85.7) | (150,173) | (91.7) | (203,254) | (85.9) |
| **Gross profit** | **17,001** | **9.7** | **33,570** | **12.0** | **68,022** | **14.3** | **13,661** | **8.3** | **33,421** | **14.1** |
| Selling expenses | (51,717) | (29.5) | (63,374) | (22.7) | (72,735) | (15.3) | (33,118) | (20.2) | (32,015) | (13.5) |
| General and administrative expenses | (45,454) | (25.9) | (54,769) | (19.6) | (74,294) | (15.6) | (30,836) | (18.8) | (50,196) | (21.2) |
| Research and development expenses | (82,201) | (46.9) | (139,349) | (49.9) | (149,826) | (31.5) | (81,389) | (49.7) | (63,310) | (26.7) |
| Net impairment losses on financial assets | (2,196) | (1.3) | (7,517) | (2.7) | (6,116) | (1.3) | (4,603) | (2.8) | (6,595) | (2.8) |
| Other income | 23,908 | 13.6 | 4,734 | 1.7 | 27,922 | 5.9 | 3,160 | 1.9 | 6,259 | 2.6 |
| Other gains – net | 2,016 | 1.2 | 6,334 | 2.3 | 1,338 | 0.3 | 822 | 0.5 | 2,501 | 1.1 |
| **Operating loss** | **(138,643)** | **(79.1)** | **(220,371)** | **(78.9)** | **(205,689)** | **(43.2)** | **(132,303)** | **(80.8)** | **(109,935)** | **(46.4)** |
| Finance costs – net | (704) | (0.4) | (287) | (0.1) | (1,406) | (0.3) | (496) | (0.3) | (2,113) | (0.9) |
| **Loss before income tax** | **(139,347)** | **(79.5)** | **(220,658)** | **(79.0)** | **(207,095)** | **(43.5)** | **(132,799)** | **(81.1)** | **(112,048)** | **(47.3)** |
| Income tax expense | (450) | (0.3) | (172) | (0.1) | (60) | (0.0) | (33) | (0.0) | – | – |
| **Loss for the year /period** | **(139,797)** | **(79.8)** | **(220,830)** | **(79.0)** | **(207,155)** | **(43.5)** | **(132,832)** | **(81.1)** | **(112,048)** | **(47.3)** |
| **Loss for the year/period attributable to:** | | | | | | | | | | |
| Owners of the Company | (132,220) | (75.5) | (214,864) | (76.9) | (197,238) | (41.4) | (125,830) | (76.8) | (108,135) | (45.7) |
| Non-controlling interest | (7,577) | (4.3) | (5,966) | (2.1) | (9,917) | (2.1) | (7,002) | (4.3) | (3,913) | (1.6) |

## NON-IFRS MEASURES

To supplement our consolidated financial statements, which are presented in accordance with IFRS, we also use adjusted net loss (non-IFRS measure) and adjusted net loss margin (non-IFRS measure) as additional financial measures, which are not required by, or presented in accordance with IFRS. We believe these non-IFRS measures, when shown in conjunction with the corresponding IFRS measures, facilitate comparisons of operating performance from period to period and company to company by eliminating potential impacts of items.

We believe these measures provide useful information to investors and others in understanding and evaluating our consolidated results of operations in the same manner as they help our management. However, our presentation of adjusted net loss (non-IFRS measure) may not be comparable to similarly titled measures presented by other companies. The use of these non-IFRS measures has limitations as an analytical tool, and you should not consider them in isolation from, or as a substitute for an analysis of, our results of operations or financial condition as reported under IFRS. We define adjusted net loss (non-IFRS measure) as net loss for the year/period adjusted by adding back share-based payment and listing expenses and adjusted net loss margin (non-IFRS measure) as adjusted net loss (non-IFRS measure) divided by revenue. The adjustments have been consistently made during the Track Record Period.

The following table reconciles our adjusted net loss (non-IFRS measure) for the year/period indicated with our net loss, or loss for the year/period presented in accordance with IFRS:

| | Year ended December 31, | | | Six months ended June 30, | |
|---|---|---|---|---|---|
| | **2021** | **2022** | **2023** | **2023** | **2024** |
| | *(RMB in thousands)* | | | | |
| | | | | *(unaudited)* | |
| **Loss for the year/period** | **(139,797)** | **(220,830)** | **(207,155)** | **(132,832)** | **(112,048)** |
| Add: | | | | | |
| Share-based payment[(1)] | 8,802 | 14,960 | 22,401 | 11,200 | 15,311 |
| Listing expenses | – | – | – | – | 14,298 |
| **Adjusted net loss (non-IFRS measure)** | **(130,995)** | **(205,870)** | **(184,754)** | **(121,632)** | **(82,439)** |
| **Adjusted net loss margin (non-IFRS measure)[(2)]** | **(74.8)%** | **(73.7)%** | **(38.8)%** | **(74.2)%** | **(34.8)%** |

*Notes:*

(1) Share-based payment is a non-cash expense arising from granting share-based awards to selected employees. It mainly represents the arrangement that we receive services from employees as consideration for our equity instruments. Share-based payment is not expected to result in future cash payments. Share-based payment is recorded under our selling expenses, general and administrative expenses and research and development expenses; and share-based payment in the above table represents the sum of that recorded under each type of such expenses.

(2) Adjusted net loss margin (non-IFRS measure) equals adjusted net loss (non-IFRS measure) for the year/period divided by revenue for the year/period and multiplied by 100%.

Our adjusted net loss (non-IFRS measure) increased from RMB131.0 million in 2021 to RMB205.9 million in 2022, and decreased to RMB184.8 million in 2023. Our adjusted net loss (non-IFRS measure) decreased from RMB121.6 million in the six months ended June 30, 2023 to RMB82.4 million in the six months ended June 30, 2024.

The increase in our adjusted net loss (non-IFRS measure) in 2022 was mainly due to: (i) an increase in our research and development expenses, mainly arising from an increase in our employee benefit expenses as a result of the expansion of our R&D team; and (ii) a decrease in our other income, due to fluctuations in the one-off financial subsidies from the local government that we received, which was partially offset by a significant increase in our gross profit.

The decrease in our adjusted net loss (non-IFRS measure) in 2023 was mainly due to: (i) a significant increase in our gross profit; and (ii) an increase in our other income, due to our receipt of certain one-off financial subsidies from the local government, which was partially offset by: (i) an increase in our general and administrative expenses, mainly arising from an increase in our employee benefit expenses contributed by the expansion of our administrative team; and (ii) an increase in our selling expenses, mainly due to increases in our share-based payment and depreciation and amortization in line with our business growth.

The decrease in our adjusted net loss (non-IFRS measure) from the six months ended June 30, 2023 to the same period in 2024 was mainly due to (i) a significant increase in our gross profit, and (ii) a decrease in our research and development expenses, as we had benefited from earlier R&D achievements and thus optimized our R&D team structure and incurred less non-project-specific research and development costs, which are categorized as research and development expenses, in the six months ended June 30, 2024.

We had relatively low adjusted net loss margin (non-IFRS measure) in 2023 and the six months ended June 30, 2024, mainly due to the increase in our revenue in such periods, reflecting our business growth.

## DESCRIPTION OF KEY COMPONENTS OF OUR RESULTS OF OPERATIONS

### Revenue

Our revenue increased from RMB175.2 million in 2021 to RMB279.4 million in 2022, and further increased to RMB476.2 million in 2023, representing a CAGR of 64.9% from 2021 to 2023, which generally reflects the fast growth of our business. Our revenue also increased by 44.5% from RMB163.8 million in the six months ended June 30, 2023 to RMB236.7 million in the six months ended June 30, 2024, in line with our business growth. During the Track Record Period, although we generated a small portion of revenue from overseas markets, substantially all of our revenue was generated from the PRC market, as most of our customers are located in the PRC.

#### *Revenue by Business Line*

During the Track Record Period, we generated revenue primarily from intelligent driving solutions, intelligent cabin solutions and vehicle infrastructure cooperative systems. We generally recognize revenue from sales of solutions and provision of solutions and services for our intelligent driving solutions and intelligent cabin solutions businesses, while we recognize revenue primarily from provision of solutions and services for our vehicle infrastructure cooperative systems business. The following table sets forth a breakdown of our revenue by business line for the years/periods indicated:

| | Year ended December 31, | | | | | | Six months ended June 30, | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | 2021 | | 2022 | | 2023 | | 2023 | | 2024 | |
| | Amount | % | Amount | % | Amount | % | Amount | % | Amount | % |
| | *(RMB in thousands, except for percentages)* | | | | | | | | | |
| | | | | | | | *(unaudited)* | | | |
| Intelligent driving solutions | 173,019 | 98.8 | 267,312 | 95.7 | 386,150 | 81.1 | 142,617 | 87.0 | 182,279 | 77.0 |
| *iSafety solutions* | 173,007 | 98.8 | 231,501 | 82.9 | 334,780 | 70.3 | 125,307 | 76.5 | 152,867 | 64.6 |
| *iPilot solutions* | 12 | 0.0 | 35,811 | 12.8 | 51,370 | 10.8 | 17,310 | 10.5 | 29,412 | 12.4 |
| Intelligent cabin solutions | 696 | 0.4 | 1,565 | 0.6 | 18,346 | 3.8 | 4,089 | 2.5 | 30,540 | 12.9 |
| Vehicle infrastructure cooperative systems | – | – | 722 | 0.3 | 71,454 | 15.0 | 16,965 | 10.4 | 23,626 | 10.0 |
| Others[(1)] | 1,459 | 0.8 | 9,759 | 3.4 | 256 | 0.1 | 163 | 0.1 | 230 | 0.1 |
| **Total** | **175,174** | **100.0** | **279,358** | **100.0** | **476,206** | **100.0** | **163,834** | **100.0** | **236,675** | **100.0** |

*Note:*

(1) Others mainly refer to revenue generated from sales of spare parts and rendering maintenance services.

*Intelligent Driving Solutions*

During the Track Record Period, we derived a substantial portion of our revenue from sales of various types of intelligent driving solutions to OEMs and tier-one suppliers. In 2021, 2022 and 2023 and the six months ended June 30, 2023 and 2024, revenue from our intelligent driving solutions was RMB173.0 million, RMB267.3 million, RMB386.2 million, RMB142.6 million and RMB182.3 million, respectively, accounting for 98.8%, 95.7%, 81.1%, 87.0% and 77.0% of our total revenue, respectively. The overall increase in revenue from our intelligent driving solutions was mainly attributable to: (i) an increase in the number of design wins we obtained from OEMs, which was in line with the increased market demand for intelligent driving solutions; and (ii) an increase in the delivered projects of our iSafety and iPilot solutions.

*Intelligent Cabin Solutions*

In 2021, 2022 and 2023 and the six months ended June 30, 2023 and 2024, revenue from our intelligent cabin solutions was RMB0.7 million, RMB1.6 million, RMB18.3 million, RMB4.1 million and RMB30.5 million, respectively, accounting for 0.4%, 0.6%, 3.8%, 2.5% and 12.9% of our total revenue, respectively. The significant increase in such revenue from 2022 to 2023 and from the six months ended June 30, 2023 to the same period in 2024 was primarily because (i) we developed increasingly diverse intelligent cabin solutions that cater to various customer needs, and (ii) during the initial prototype sample phase in 2021 and 2022, we only delivered a limited number of projects, and we gradually ramped up this business segment since the second half of 2023.

*Vehicle Infrastructure Cooperative Systems*

In 2021, 2022 and 2023 and the six months ended June 30, 2023 and 2024, revenue from our vehicle infrastructure cooperative systems was nil, RMB0.7 million, RMB71.5 million, RMB17.0 million and RMB23.6 million, respectively, accounting for nil, 0.3%, 15.0%, 10.4% and 10.0% of our total revenue, respectively. The significant increase in such revenue in 2023 compared to 2022 was primarily due to the delivery of more large-scale projects in 2023 as compared to a few small-scale projects delivered in 2022 when we first started delivering for this business, as our offerings of vehicle infrastructure cooperative systems became more established and versatile. Similarly, our revenue from vehicle infrastructure cooperative increased from the six months ended June 30, 2023 to the same period in 2024. There were seven, six and four new typical projects under our vehicle infrastructure cooperative systems business in 2022 and 2023 and the six months ended June 30, 2024, respectively.

### Cost of Sales

The following table sets forth a breakdown of our cost of sales by nature for the years/periods indicated:

| | Year ended December 31, | | | | | | Six months ended June 30, | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | 2021 | | 2022 | | 2023 | | 2023 | | 2024 | |
| | Amount | % of revenue | Amount | % of revenue | Amount | % of revenue | Amount | % of revenue | Amount | % of revenue |
| | *(RMB in thousands, except for percentages)* | | | | | | | | | |
| | | | | | | | *(unaudited)* | | | |
| Raw materials and consumables used | 135,710 | 77.5 | 206,277 | 73.8 | 349,681 | 73.4 | 122,734 | 74.9 | 164,416 | 69.5 |
| Employee benefit expenses | 4,296 | 2.5 | 12,299 | 4.4 | 16,084 | 3.4 | 7,040 | 4.3 | 13,995 | 5.9 |
| Provision for impairment of inventories | 4,494 | 2.6 | 5,347 | 1.9 | 6,235 | 1.3 | 4,747 | 2.9 | 9,119 | 3.9 |
| Processing expenses | 5,024 | 2.9 | 2,543 | 0.9 | 4,969 | 1.0 | 2,295 | 1.4 | 3,133 | 1.3 |
| Outsourcing installation fee | 3,337 | 1.9 | 8,082 | 2.9 | 4,087 | 0.9 | 1,109 | 0.7 | 1,466 | 0.6 |
| Others | 5,312 | 3.0 | 11,240 | 4.0 | 27,128 | 5.7 | 12,248 | 7.5 | 11,125 | 4.7 |
| **Total** | **158,173** | **90.3** | **245,788** | **88.0** | **408,184** | **85.7** | **150,173** | **91.7** | **203,254** | **85.9** |

Our cost of sales primarily consist of procurement costs of raw materials and consumables, which accounts for 77.5%, 73.8%, 73.4%, 74.9% and 69.5% of our total revenue in 2021, 2022 and 2023 and the six months ended June 30, 2023 and 2024, respectively. Throughout the Track Record Period, the procurement costs of raw materials and consumables increased mainly in line with our revenue growth, and such increases are primarily attributable to the increases in the delivered volume of our solutions.

Our cost of sales primarily relates to costs incurred to deliver our intelligent driving solutions, and, to a lesser extent, our intelligent cabin solutions and vehicle infrastructure cooperative systems. The cost of sales for each of our major business lines are therefore largely affected by changes in the delivered volume of such solutions in a particular period. The following table sets forth a breakdown of our cost of sales by business line for the years/periods indicated:

| | Year ended December 31, | | | | | | Six months ended June 30, | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | 2021 | | 2022 | | 2023 | | 2023 | | 2024 | |
| | Amount | % | Amount | % | Amount | % | Amount | % | Amount | % |
| | (RMB in thousands, except for percentages) | | | | | | | | | |
| | | | | | | | (unaudited) | | | |
| Intelligent driving solutions | 154,523 | 97.7 | 240,358 | 97.8 | 333,056 | 81.6 | 131,219 | 87.4 | 156,989 | 77.3 |
| *iSafety* | 154,521 | 97.7 | 212,670 | 86.5 | 295,086 | 72.3 | 114,528 | 76.3 | 137,137 | 67.5 |
| *iPilot* | 2 | 0.0 | 27,688 | 11.3 | 37,970 | 9.3 | 16,691 | 11.1 | 19,852 | 9.8 |
| Intelligent cabin solutions | 708 | 0.4 | 853 | 0.3 | 17,270 | 4.2 | 4,503 | 3.0 | 28,933 | 14.2 |
| Vehicle infrastructure cooperative systems | – | – | 648 | 0.3 | 57,316 | 14.1 | 14,322 | 9.5 | 16,741 | 8.2 |
| Others | 2,942 | 1.9 | 3,929 | 1.6 | 542 | 0.1 | 129 | 0.1 | 591 | 0.3 |
| **Total** | **158,173** | **100.0** | **245,788** | **100.0** | **408,184** | **100.0** | **150,173** | **100.0** | **203,254** | **100.0** |

### Gross Profit and Gross Margin

The following table sets forth our gross profit and gross margins by business line for the years/periods indicated:

| | Year ended December 31, | | | | | | Six months ended June 30, | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | 2021 | | 2022 | | 2023 | | 2023 | | 2024 | |
| | Gross profit | Gross margin | Gross profit | Gross margin | Gross profit | Gross margin | Gross profit | Gross margin | Gross profit | Gross margin |
| | *(RMB in thousands, except for percentages)* | | | | | | | | | |
| | | | | | | | *(unaudited)* | | | |
| Intelligent driving solutions | 18,496 | 10.7% | 26,954 | 10.1% | 53,094 | 13.7% | 11,398 | 8.0% | 25,290 | 13.9% |
| *iSafety* | 18,486 | 10.7% | 18,832 | 8.1% | 39,694 | 11.9% | 10,779 | 8.6% | 15,730 | 10.3% |
| *iPilot* | 10 | 85.2% | 8,122 | 22.7% | 13,400 | 26.1% | 619 | 3.6% | 9,560 | 32.5% |
| Intelligent cabin solutions | (12) | (1.7)% | 712 | 45.5% | 1,076 | 5.9% | (414) | (10.1)% | 1,607 | 5.3% |
| Vehicle infrastructure cooperative systems | – | – | 74 | 10.2% | 14,138 | 19.8% | 2,643 | 15.6% | 6,885 | 29.1% |
| Others[1] | (1,483) | (101.6)% | 5,830 | 59.7% | (286) | (111.7)% | 34 | 20.9% | (361) | (157.0)% |
| **Total** | **17,001** | **9.7%** | **33,570** | **12.0%** | **68,022** | **14.3%** | **13,661** | **8.3%** | **33,421** | **14.1%** |

*Note:*

(1) Others mainly refer to gross profit and gross margin of sales of spare parts and rendering maintenance services. These activities contributed an insignificant portion of our revenue during the Track Record Period. The gross profit and gross margin of others fluctuated significantly during the Track Record Period, as we performed the aforementioned activities only based on actual operating needs.

Our gross margin increased from 9.7% in 2021 to 12.0% in 2022 and to 14.3% in 2023, primarily attributable to (i) the achievement of economies of scale as we scaled up our business, and (ii) an increase in the revenue contribution of our solutions, such as iPilot solutions, under the intelligent driving solutions and vehicle infrastructure cooperative systems businesses with a higher gross margin. Similarly, our gross margin increased from 8.3% in the six months ended June 30, 2023 to 14.1% in the six months ended June 30, 2024. The gross margin of our iSafety solutions decreased from 10.7% in 2021 to 8.1% in 2022 as a result of the changes in product mix and a decrease in the unit price of earlier product series. As we launched new product series with relatively higher margins in 2023, the gross margin of our iSafety solutions increased from 8.1% in 2022 to 11.9% in 2023. The gross margin of our iPilot solutions in 2021 is not considered to be representative, as we only started the delivery of iPilot solutions in 2021 and the revenue from our iPilot solutions only amounted to RMB12,000 in 2021. The gross margin of our iPilot solutions was relatively high during such year primarily because we were able to secure relatively high selling prices from customers due to our significant efforts to develop such prototype samples and limited supply of comparable products in the market. The gross margin of our iPilot solutions increased significantly from 3.6% in the six months ended June 30, 2023 to 32.5% in the six months ended June 30, 2024, as we advanced the product specifications and performance of our iPilot solutions, which boosted our selling prices and gross profit margin.

Meanwhile, our intelligent cabin solutions experienced significant fluctuations in its gross margins during the Track Record Period. The gross margins of this business segment in 2021, 2022 and the six months ended June 30, 2023 were not representative, as we only delivered a limited number of projects during its prototype sample phase in such periods. The relatively high gross margin in 2022 was primarily attributable to the relatively high selling prices resulted from our significant efforts to develop such prototype samples and limited supply of such finished products. We gradually ramped up this business segment since the second half of 2023 but have not yet fully realized economies of scale.

The gross margin of our vehicle infrastructure cooperative systems increased significantly from 2022 to 2023 and from the six months ended June 30, 2023 to the same period in 2024, primarily as such segment became more established in the second half of 2023 and we had obtained and delivered more large-scale projects that had relatively higher gross margin since then.

During the Track Record Period, the gross profit margin of our intelligent cabin solutions was generally lower than that of our intelligent driving solutions, primarily because our intelligent driving solution business was more established and we had begun benefiting from economies of scale for this segment while we were still gradually ramping up our intelligent cabin solution business and strategically lowered our selling prices to capture market opportunities. During the Track Record Period, we had relatively high gross profit margins for our vehicle infrastructure cooperative systems primarily because projects in such segment were generally large in scale and broad in scope. In addition, we were able to utilize technology developed for the intelligent driving solutions in developing our vehicle infrastructure cooperative systems and thus realized relatively high gross margin through such synergistic effect.

## Selling Expenses

Our selling expenses primarily consist of (i) employee benefit expenses, (ii) service fees, (iii) share-based payment, (iv) office and travel expenses, and (v) advertising and publicity expenses. The following table sets forth a breakdown of our selling expenses for the years/periods indicated:

| | Year ended December 31, | | | | | | Six months ended June 30, | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | 2021 | | 2022 | | 2023 | | 2023 | | 2024 | |
| | Amount | % | Amount | % | Amount | % | Amount | % | Amount | % |
| | *(RMB in thousands, except for percentages)* | | | | | | *(unaudited)* | | | |
| Employee benefit expenses | 25,535 | 49.4 | 29,887 | 47.2 | 29,883 | 41.1 | 15,290 | 46.2 | 11,532 | 36.0 |
| Services fees | 7,221 | 14.0 | 8,947 | 14.1 | 10,475 | 14.4 | 4,065 | 12.3 | 3,348 | 10.5 |
| Office and travel expenses | 7,874 | 15.2 | 9,874 | 15.6 | 10,156 | 13.9 | 4,539 | 13.7 | 3,930 | 12.3 |
| Share-based payment | 1,073 | 2.1 | 3,176 | 5.0 | 6,698 | 9.2 | 3,348 | 10.1 | 8,923 | 27.9 |
| Advertising and publicity expenses | 3,195 | 6.2 | 4,174 | 6.6 | 5,790 | 8.0 | 2,324 | 7.0 | 691 | 2.2 |
| Depreciation and amortization | 850 | 1.6 | 1,903 | 3.0 | 3,579 | 4.9 | 1,693 | 5.1 | 1,586 | 5.0 |
| Materials consumed in sales activities | 1,545 | 3.0 | 1,140 | 1.8 | 2,186 | 3.0 | 409 | 1.2 | 1,246 | 3.9 |
| Others | 4,424 | 8.5 | 4,273 | 6.7 | 3,968 | 5.5 | 1,450 | 4.4 | 759 | 2.4 |
| **Total** | **51,717** | **100.0** | **63,374** | **100.0** | **72,735** | **100.0** | **33,118** | **100.0** | **32,015** | **100.0** |

Our selling expenses were RMB51.7 million, RMB63.4 million, RMB72.7 million, RMB33.1 million and RMB32.0 million in 2021, 2022 and 2023 and the six months ended June 30, 2023 and 2024, respectively, representing 29.5%, 22.7%, 15.3%, 20.2% and 13.5% of our total revenue, respectively. Our selling expenses decreased as a percentage of our total revenue during the Track Record Period, as we continued to improve operational efficiency.

In particular, our employee benefit expenses under our selling expenses increased from RMB25.5 million in 2021 to RMB29.9 million in 2022, primarily due to the expansion of our sales and marketing team, and remained relatively stable at RMB29.9 million in 2023 compared to 2022. Our employee benefit expenses under our selling expenses decreased from RMB15.3 million in the six months ended June 30, 2023 to RMB11.5 million in the six months ended June 30, 2024 primarily because we benefited from our stable customer relationships and thus optimized our sales and marketing team structure. Our service fees were RMB7.2 million, RMB8.9 million, RMB10.5 million, RMB4.1 million and RMB3.3 million in 2021, 2022 and 2023 and the six months ended June 30, 2023 and 2024, respectively, and mainly comprise maintenance fees and after-sales technical support service fees.

## General and Administrative Expenses

Our general and administrative expenses primarily consist of (i) employee benefit expenses, (ii) service fees, (iii) depreciation and amortization, (iv) office and travel expenses, and (v) share-based payment. The following table sets forth a breakdown of our general and administrative expenses for the years/periods indicated:

| | Year ended December 31, | | | | | | Six months ended June 30, | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | 2021 | | 2022 | | 2023 | | 2023 | | 2024 | |
| | Amount | % | Amount | % | Amount | % | Amount | % | Amount | % |
| | *(RMB in thousands, except for percentages)* | | | | | | | | | |
| | | | | | | | *(unaudited)* | | | |
| Employee benefit expenses | 24,313 | 53.5 | 30,073 | 54.9 | 43,829 | 59.0 | 18,370 | 59.6 | 20,440 | 40.7 |
| Listing expenses | – | – | – | – | – | – | – | – | 14,298 | 28.5 |
| Service fees | 4,457 | 9.8 | 5,986 | 10.9 | 7,931 | 10.7 | 1,866 | 6.1 | 2,847 | 5.7 |
| Depreciation and amortization | 3,561 | 7.8 | 5,935 | 10.8 | 7,156 | 9.6 | 3,580 | 11.6 | 4,105 | 8.2 |
| Office and travel expenses | 4,965 | 10.9 | 5,025 | 9.2 | 6,327 | 8.5 | 2,805 | 9.1 | 2,215 | 4.4 |
| Share-based payment | 4,267 | 9.4 | 4,986 | 9.1 | 5,689 | 7.7 | 2,845 | 9.2 | 3,678 | 7.3 |
| Rent, water, electricity and property management fees | 1,059 | 2.3 | 737 | 1.3 | 1,246 | 1.7 | 278 | 0.9 | 1,009 | 2.0 |
| Others | 2,832 | 6.3 | 2,027 | 3.8 | 2,116 | 2.8 | 1,092 | 3.5 | 1,604 | 3.2 |
| **Total** | **45,454** | **100.0** | **54,769** | **100.0** | **74,294** | **100.0** | **30,836** | **100.0** | **50,196** | **100.0** |

Our general and administrative expenses were RMB45.5 million, RMB54.8 million, RMB74.3 million, RMB30.8 million and RMB50.2 million in 2021, 2022 and 2023 and the six months ended June 30, 2023 and 2024, respectively, representing 25.9%, 19.6%, 15.6%, 18.8% and 21.2% of our total revenue, respectively. Our general and administrative expenses decreased as a percentage of our total revenue from 2021 to 2023, as we made continued efforts to improve our administrative efficiency. Our general and administrate expenses increased as a percentage of our total revenue from the six months ended June 30, 2023 to the same period in 2024 primarily attributable to the listing expenses incurred in the six months ended June 30, 2024. Our rent, water, electricity and property management fees were relatively low in the six months ended June 30, 2023 as we benefited from reduction in rent for our offices in Wuhan and Nanjing in relation to certain governmental policies to mitigate impacts of COVID-19 pandemic on small- and medium-sized enterprises.

Our employee benefit expenses under our general and administrative expenses increased throughout the Track Record Period, primarily contributed by the expansion of our administrative team. During the Track Record Period, the service fees under our general and administrative expenses were primarily audit fees, legal service fees and other service fees.

**Research and Development Expenses**

Our research and development expenses primarily consist of (i) employee benefit expenses, and (ii) service fees. The following table sets forth a breakdown of our research and development expenses for the years/periods indicated:

| | Year ended December 31, | | | | | | Six months ended June 30, | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | 2021 | | 2022 | | 2023 | | 2023 | | 2024 | |
| | Amount | % | Amount | % | Amount | % | Amount | % | Amount | % |
| | *(RMB in thousands, except for percentages)* | | | | | | | | | |
| | | | | | | | *(unaudited)* | | | |
| Employee benefit expenses | 53,714 | 65.3 | 94,136 | 67.6 | 90,907 | 60.7 | 49,352 | 60.6 | 40,784 | 64.4 |
| Service fees | 10,411 | 12.7 | 16,871 | 12.1 | 26,949 | 18.0 | 16,761 | 20.6 | 9,762 | 15.4 |
| Depreciation and amortization | 3,809 | 4.6 | 6,910 | 5.0 | 9,834 | 6.6 | 5,025 | 6.2 | 4,912 | 7.8 |
| Share-based payment | 3,462 | 4.2 | 6,798 | 4.9 | 10,014 | 6.7 | 5,007 | 6.2 | 2,710 | 4.3 |
| Office and travel expenses | 2,726 | 3.3 | 3,624 | 2.6 | 3,448 | 2.3 | 2,002 | 2.5 | 816 | 1.3 |
| Rent, water, electricity and property management fees | 894 | 1.1 | 1,682 | 1.2 | 2,590 | 1.7 | 854 | 1.0 | 1,386 | 2.2 |
| Others | 7,185 | 8.8 | 9,328 | 6.6 | 6,084 | 4.0 | 2,388 | 2.9 | 2,940 | 4.6 |
| **Total** | **82,201** | **100.0** | **139,349** | **100.0** | **149,826** | **100.0** | **81,389** | **100.0** | **63,310** | **100.0** |

Our research and development expenses were RMB82.2 million, RMB139.3 million, RMB149.8 million, RMB81.4 million and RMB63.3 million in 2021, 2022 and 2023 and the six months ended June 30, 2023 and 2024, respectively, representing 46.9%, 49.9%, 31.5%, 49.7% and 26.7% of our total revenue, respectively.

In particular, our employee benefit expenses under our research and development expenses increased from RMB53.7 million in 2021 to RMB94.1 million in 2022, primarily due to the expansion of our R&D team. Such employee benefit expenses remained relatively stable at RMB90.9 million in 2023 compared to 2022. This expense line item decreased from RMB49.4 million in the six months ended June 30, 2023 to RMB40.8 million in the six months ended June 30, 2024 as we had benefited from earlier R&D achievements and thus optimized our R&D team structure and conducted less general research and development activities in the six months ended June 30, 2024. We record costs of general research and development activities as research and development expenses and costs of project-specific research and development activities as costs of sales.

We also experienced increases in our service fees during the Track Record Period. Such service fees were mainly in relation to the development of certain projects to support the continual enhancement of our technological capabilities and expansion of our solutions portfolio, such as V2X platform construction project and vehicle management platform technology development project. Our service fees under our research and development expenses decreased from RMB16.8 million in the six months ended June 30, 2023 to RMB9.8 million in the six months ended June 30, 2024 primarily attributable to a decrease in our engagement of third parties for such services during such period as we had benefited from earlier R&D achievements. Nevertheless, as our solutions portfolio becomes increasingly more comprehensive, we expect to continue to incur such service fees to optimize the efficiency of our R&D activities.

**Net Impairment Losses on Financial Assets**

Our net impairment losses on financial assets primarily represent impairment losses of trade and notes receivables. In 2021, 2022 and 2023 and the six months ended June 30, 2023 and 2024, we recorded net impairment losses on financial assets of RMB2.2 million, RMB7.5 million, RMB6.1 million, RMB4.6 million and RMB6.6 million, respectively. The increase in such impairment losses from 2021 to 2022 and from the six months ended June 30, 2023 to the six months ended June 30, 2024 was primarily due to an increase in our provision for trade and notes receivables, mainly in line with the expansion in our business scale.

**Other Income**

Our other income, primarily consisting of government grants, was RMB23.9 million, RMB4.7 million, RMB27.9 million, RMB3.2 million and RMB6.3 million in 2021, 2022 and 2023 and the six months ended June 30, 2023 and 2024, respectively. Such government grants were primarily financial subsidies from the local government. The fluctuations in our other income during the Track Record Period were primarily due to (i) our receipt of RMB12.5 million and RMB12.5 million as one-off financial subsidies for new resident enterprises from the local government in 2021 and 2023, respectively, and (ii) our receipt of RMB3.5 million, RMB6.6 million and RMB3.0 million as VAT tax rebate in 2021, 2023 and the six months ended June 30, 2024, respectively. There are no unfulfilled conditions or other contingencies attaching to the grants recognized.

**Other Gains – Net**

Our net other gains primarily consist of net fair value gains on financial assets at fair value through profit or loss ("**FVPL**"). Our net other gains were RMB2.0 million, RMB6.3 million, RMB1.3 million, RMB0.8 million and RMB2.5 million in 2021, 2022 and 2023 and the six months ended June 30, 2023 and 2024, respectively. The following table sets forth a breakdown of our net other gains for the years/periods indicated:

| | Year ended December 31, | | | Six months ended June 30, | |
|---|---|---|---|---|---|
| | 2021 | 2022 | 2023 | 2023 | 2024 |
| | *(RMB in thousands)* | | | | |
| | | | | *(unaudited)* | |
| Net fair value gains on financial assets at FVPL | 2,689 | 8,054 | 3,786 | 1,414 | 2,385 |
| Net foreign exchange losses | (174) | (96) | (198) | (148) | (204) |
| Net gains/(losses) from termination of leases | 8 | 61 | (13) | 22 | – |
| Net losses on disposals of property, plant and equipment | – | (2) | (47) | (2) | (54) |
| Donation expenditure | (118) | (175) | (50) | – | – |
| Others | (389) | (1,508) | (2,140) | (464) | 374 |
| **Total** | **2,016** | **6,334** | **1,338** | **822** | **2,501** |

We had net fair value gains on financial assets at FVPL, which were primarily in relation to our investments in structured deposits and wealth management products, of RMB2.7 million, RMB8.1 million, RMB3.8 million, RMB1.4 million and RMB2.4 million in 2021, 2022 and 2023 and the six months ended June 30, 2023 and 2024, respectively. See "—Discussion of Certain Key Balance Sheet Items—Financial Assets at FVPL" and Note 24 to the Accountant's Report in Appendix I to this prospectus for details on the fair value measurement of financial assets at FVPL.

**Finance Costs – Net**

Our finance income represents interest income from cash and cash equivalents, while our finance costs primarily consist of interest expenses on bank borrowings and lease liabilities. The following table sets forth a breakdown of our finance income and finance costs for the years/periods indicated:

| | Year ended December 31, | | | Six months ended June 30, | |
|---|---|---|---|---|---|
| | 2021 | 2022 | 2023 | 2023 | 2024 |
| | *(RMB in thousands)* | | | | |
| | | | | *(unaudited)* | |
| **Finance income:** | | | | | |
| Interest income from cash and cash equivalents | 65 | 909 | 1,760 | 890 | 1,606 |
| Other interest income | 147 | 325 | 207 | 124 | 63 |
| **Subtotal** | **212** | **1,234** | **1,967** | **1,014** | **1,669** |
| **Finance costs:** | | | | | |
| Interest expenses on bank borrowings | (472) | (858) | (2,139) | (1,082) | (3,039) |
| Interest expenses on lease liabilities | (444) | (663) | (1,234) | (428) | (743) |
| **Subtotal** | **(916)** | **(1,521)** | **(3,373)** | **(1,510)** | **(3,782)** |
| **Finance costs – net** | **(704)** | **(287)** | **(1,406)** | **(496)** | **(2,113)** |

In 2021, 2022 and 2023, our finance income was RMB0.2 million, RMB1.2 million and RMB2.0 million, respectively. The increasing trend was primarily due to an increase in the interest income from cash and cash equivalents in relation to our deposit with a relatively high interest rate. Our finance income increased from RMB1.0 million in the six months ended June 30, 2023 to RMB1.7 million in the six months ended June 30, 2024 primarily due to an increase in our cash deposit balance during such period.

Our finance costs increased from RMB0.9 million in 2021 to RMB1.5 million in 2022 and to RMB3.4 million in 2023, and increased from RMB1.5 million in the six months ended June 30, 2023 to RMB3.8 million in the six months ended June 30, 2024, primarily due to: (i) an increase in the interest expenses on bank borrowings, in line with an increase in our interest-bearing bank borrowings; and (ii) an increase in the interest expenses on lease liabilities from 2021 to 2023, which was in relation to our new leases for offices and factories in line with our business expansion.

**Income Tax Expense**

In 2021, 2022 and 2023 and the six months ended June 30, 2023 and 2024, our income tax expense was RMB0.5 million, RMB0.2 million, RMB60,000, RMB33,000 and nil, respectively.

Our Company and its PRC subsidiaries were subject to a statutory income tax rate of 25% on the assessable profits during the Track Record Period, based on the existing legislation, interpretations and practices in respect thereof, except as disclosed below:

Our Company was recognized as a national High and New Technology Enterprise ("**HNTE**") in 2020 and 2023, and hence has been entitled to a preferential income tax rate of 15% from 2020 until three years after 2023. In addition, a subsidiary of our Group, Nanjing Youjia Technology Co., Ltd. (南京佑駕科技有限公司), was recognized as a national HNTE in 2020 and 2023, and has been entitled to a preferential income tax rate of 15% from 2020 until three years after 2023. Meanwhile, during the Track Record Period, certain PRC subsidiaries of our Group were qualified as "small low-profit enterprises" under the EIT Law of the PRC and enjoyed a preferential income tax rate of 20% for certain portion of their respective taxable income pursuant to relevant legal requirements. For details, see Note 12 to the Accountant's Report in Appendix I to this prospectus.

**PERIOD-TO-PERIOD COMPARISON OF RESULTS OF OPERATIONS**

**Six Months Ended June 30, 2024 Compared to Six Months Ended June 30, 2023**

***Revenue***

Our revenue increased by 44.5% from RMB163.8 million in the six months ended June 30, 2023 to RMB236.7 million in the six months ended June 30, 2024. The increase was primarily driven by the increased revenue from our intelligent driving solutions and intelligent cabin solutions.

- Revenue from our intelligent driving solutions increased by 27.8% from RMB142.6 million in the six months ended June 30, 2023 to RMB182.3 million in the six months ended June 30, 2024, primarily due to an increase in the delivered projects of our iSafety and iPilot solutions primarily attributable to an increase in the number of our customers in such period.

- Revenue from our intelligent cabin solutions increased significantly from RMB4.1 million in the six months ended June 30, 2023 to RMB30.5 million in the six months ended June 30, 2024, primarily because we gradually ramped up this business segment since the second half of 2023 after the initial prototype sample phase, during which we only delivered a limited number of projects.

- Revenue from our vehicle infrastructure cooperative systems increased by 39.3% from RMB17.0 million in the six months ended June 30, 2023 to RMB23.6 million in the six months ended June 30, 2024, primarily because we delivered more large-scale projects in the six months ended June 30, 2024 as compared to the same period in 2023 as our offerings of vehicle infrastructure cooperative systems became more established and versatile.

***Cost of Sales***

Our cost of sales increased by 35.3% from RMB150.2 million in the six months ended June 30, 2023 to RMB203.3 million in the six months ended June 30, 2024, mainly in line with the increase in our revenue.

***Gross Profit and Gross Margin***

As a result of the forgoing, our gross profit increased significantly from RMB13.7 million in the six months ended June 30, 2023 to RMB33.4 million in the six months ended June 30, 2024.

Our gross margin increased from 8.3% in the six months ended June 30, 2023 to 14.1% in the six months ended June 30, 2024, primarily attributable to the increases in the revenue contribution of our iPilot solutions, which have a higher gross margin.

- Gross margin of our intelligent driving solutions increased from 8.0% in the six months ended June 30, 2023 to 13.9% in the six months ended June 30, 2024, primarily attributable to: (i) the achievement of economies of scale, since we were able to deliver more of our intelligent driving solutions and scale up our business with increased efficiency, as our portfolio became mature and more comprehensive leveraging our R&D capabilities; and (ii) an increase in the gross profit margin of our iPilot solutions as we advanced our product specifications and performance.

- We recorded gross loss margin of our intelligent cabin solutions of 10.1% for in the six months ended June 30, 2023 and gross margin of 5.3% in the six months ended June 30, 2024. As we only delivered a limited number of projects during its prototype sample phase in the first half of 2023, the gross loss margin in such period was not representative.

- Gross margin of our vehicle infrastructure cooperative systems increased from 15.6% in the six months ended June 30, 2023 to 29.1% in the six months ended June 30, 2024, primarily because we delivered more large-scale projects that had a relatively higher gross margin in the six months ended June 30, 2024 as our offerings of vehicle infrastructure cooperative systems became more established and versatile.

***Selling Expenses***

Our selling expenses slightly decreased from RMB33.1 million in the six months ended June 30, 2023 to RMB32.0 million in the six months ended June 30, 2024, primarily attributable to a decrease of RMB3.8 million in our employee benefit expenses primarily because we benefited from our stable customer relationships and thus optimized our sales and marketing team structure, partially offset by an increase of RMB5.6 million in our share-based payment mainly due to the amortization of equity incentives granted in 2023.

***General and Administrative Expenses***

Our general and administrative expenses increased by 62.8% from RMB30.8 million in the six months ended June 30, 2023 to RMB50.2 million in the six months ended June 30, 2024, primarily attributable to the listing expenses incurred in the six months ended June 30, 2024.

***Research and Development Expenses***

Our research and development expenses decreased by 22.2% from RMB81.4 million in the six months ended June 30, 2023 to RMB63.3 million in the six months ended June 30, 2024, as we had benefited from earlier R&D achievements and thus optimized our R&D team structure and incurred less non-project-specific research and development costs, which are categorized as research and development expenses, in the six months ended June 30, 2024.

***Net Impairment Losses on Financial Assets***

Our net impairment losses on financial assets increased by 43.3% from RMB4.6 million in the six months ended June 30, 2023 to RMB6.6 million in the six months ended June 30, 2024, primarily due to an increase in our provision for trade and notes receivables, mainly in line with the expansion in our business scale.

***Other Income***

Our other income increased by 98.1% from RMB3.2 million in the six months ended June 30, 2023 to RMB6.3 million in the six months ended June 30, 2024, primarily attributable to our receipt of RMB3.0 million as VAT tax rebate in the six months ended June 30, 2024.

***Other Gains – Net***

Our net other gains increased significantly from RMB0.8 million in the six months ended June 30, 2023 to RMB2.5 million in the six months ended June 30, 2024, primarily attributable to an increase of RMB1.0 million in net fair value gains on financial assets at FVPL from our investments in structured deposits and wealth management products.

*Finance Costs – Net*

Our net finance costs increased significantly from RMB0.5 million in the six months ended June 30, 2023 to RMB2.1 million in the six months ended June 30, 2024, primarily due to an increase in the interest expenses on bank borrowings, in line with an increase in our interest-bearing bank borrowings, partially offset by an increase in the interest income from cash and cash equivalents primarily due to an increase in our cash deposit balance during such period.

*Loss for the Period*

As a result of the foregoing, our loss for the period decreased by 15.6% from RMB132.8 million in the six months ended June 30, 2023 to RMB112.0 million in the six months ended June 30, 2024.

**Year Ended December 31, 2023 Compared to Year Ended December 31, 2022**

*Revenue*

Our revenue increased by 70.4% from RMB279.4 million in 2022 to RMB476.2 million in 2023. The increase was primarily driven by the increased revenue from our intelligent driving solutions and vehicle infrastructure cooperative systems.

- Revenue from our intelligent driving solutions increased by 44.5% from RMB267.3 million in 2022 to RMB386.2 million in 2023, primarily due to: (i) an increase in the number of design wins we obtained from OEMs, which was in line with the increased market demand for intelligent driving solutions; and (ii) an increase in the revenue from our delivery of iPilot solutions.

- Revenue from our intelligent cabin solutions increased significantly from RMB1.6 million in 2022 to RMB18.3 million in 2023, primarily because we were gradually ramping up this business in 2023 after the initial prototype sample phase, during which we only delivered a limited number of projects.

- Revenue from our vehicle infrastructure cooperative systems increased significantly from RMB0.7 million in 2022 to RMB71.5 million in 2023, primarily due to the delivery of more large-scale projects in 2023 as compared to a few small-scale projects delivered in 2022 when we first started delivering for this business, as our offerings of vehicle infrastructure cooperative systems became more established and versatile. There were seven and six typical projects under our vehicle infrastructure cooperative systems business in 2022 and 2023, respectively.

***Cost of Sales***

Our cost of sales increased by 66.1% from RMB245.8 million in 2022 to RMB408.2 million in 2023, mainly in line with the increase in our revenue.

***Gross Profit and Gross Margin***

As a result of the forgoing, our gross profit increased significantly from RMB33.6 million in 2022 to RMB68.0 million in 2023.

Our gross margin increased from 12.0% in 2022 to 14.3% in 2023, primarily attributable to the increases in the revenue contribution of our vehicle infrastructure cooperative systems, which have a higher gross margin.

- Gross margin of our intelligent driving solutions increased from 10.1% in 2022 to 13.7% in 2023, primarily attributable to: (i) the achievement of economies of scale, since we were able to deliver more of our intelligent driving solutions and scale up our business with increased efficiency, as our portfolio became mature and more comprehensive leveraging our R&D capabilities; and (ii) an increase in the number of delivered projects of iPilot solutions, which have a higher gross margin.

- Gross margin of our intelligent cabin solutions decreased from 45.5% in 2022 to 5.9% in 2023. The gross margin of our intelligent cabin solutions business in 2022 is not considered to be representative, as such business was in a prototype sample phase in 2022, during which we only delivered a limited number of projects. The relatively high gross margin in 2022 was primarily attributable to the relatively high selling prices resulted from significant efforts devoted to develop such prototype samples and limited supply of such finished products. In 2023, we were gradually ramping up this business but had not yet achieved economies of scale.

- Gross margin of our vehicle infrastructure cooperative systems increased from 10.2% in 2022 to 19.8% in 2023. As our offerings of vehicle infrastructure cooperative systems became more established and versatile in 2023, we obtained and delivered more large-scale projects that had a relatively higher gross margin.

***Selling Expenses***

Our selling expenses increased by 14.8% from RMB63.4 million in 2022 to RMB72.7 million in 2023, primarily due to an increase in share-based payment recorded for our sales and marketing personnel.

***General and Administrative Expenses***

Our general and administrative expenses increased by 35.6% from RMB54.8 million in 2022 to RMB74.3 million in 2023, primarily due to an increase in employee benefit expenses contributed by the expansion of our administrative team.

***Research and Development Expenses***

Our research and development expenses increased by 7.5% from RMB139.3 million in 2022 to RMB149.8 million in 2023, primarily due to: (i) an increase in the service fees in relation to the development of certain projects to support the continual enhancement of our technological capabilities and expansion of our solutions portfolio, such as V2X platform construction project and vehicle management platform technology development project; (ii) an increase in the depreciation and amortization, which was in line with our business expansion; and (iii) an increase in share-based payment recorded for our R&D personnel.

***Net Impairment Losses on Financial Assets***

Our net impairment losses on financial assets remained relatively stable at RMB7.5 million and RMB6.1 million in 2022 and 2023, respectively.

***Other Income***

Our other income increased significantly from RMB4.7 million in 2022 to RMB27.9 million in 2023, primarily attributable to (i) our receipt of a one-off financial subsidy for new resident enterprises from the local government in 2023, and (ii) our receipts of VAT tax rebate in 2023.

***Other Gains – Net***

Our net other gains decreased by 78.9% from RMB6.3 million in 2022 to RMB1.3 million in 2023, primarily due to a decrease in net fair value gains on financial assets at FVPL in relation to our investments in structured deposits and wealth management products.

***Finance Costs – Net***

Our net finance costs increased significantly from RMB0.3 million in 2022 to RMB1.4 million in 2023, primarily due to: (i) an increase in the interest expenses on bank borrowings, in line with an increase in our interest-bearing bank borrowings; and (ii) an increase in the interest expenses on lease liabilities, which was in relation to our new leases for offices and factories in line with our business expansion, partially offset by an increase in the interest income from cash and cash equivalents in relation to our deposit with a relatively high interest rate.

### *Loss for the Year*

As a result of the foregoing, our loss for the year decreased by 6.2% from RMB220.8 million in 2022 to RMB207.2 million in 2023.

## Year Ended December 31, 2022 Compared to Year Ended December 31, 2021

### *Revenue*

Our revenue increased by 59.5% from RMB175.2 million in 2021 to RMB279.4 million in 2022. The increase was primarily attributable to the increased sales of our intelligent driving solutions.

- Revenue from our intelligent driving solutions increased by 54.5% from RMB173.0 million in 2021 to RMB267.3 million in 2022, primarily due to an increase in the number of design wins we obtained from OEMs, which was in line with the increased market demand for intelligent driving solutions.

- Revenue from our intelligent cabin solutions increased significantly from RMB0.7 million in 2021 to RMB1.6 million in 2022, as we were in the prototype sample phase of our intelligent cabin solutions business, and delivered more projects in 2022 compared to 2021 as this business became maturer.

- Revenue from our vehicle infrastructure cooperative systems was nil in 2021 and RMB0.7 million in 2022, primarily because we commenced the delivery of projects for this business in 2022.

### *Cost of Sales*

Our cost of sales increased by 55.4% from RMB158.2 million in 2021 to RMB245.8 million in 2022, mainly in line with the increase in our revenue.

### *Gross Profit and Gross Margin*

As a result of the forgoing, our gross profit increased by 97.5% from RMB17.0 million in 2021 to RMB33.6 million in 2022.

Our gross margin increased from 9.7% in 2021 to 12.0% in 2022, primarily attributable to our sales of certain spare parts. We generally enter into such type of transactions for inventory management purposes based on our actual inventory needs and market conditions.

- Gross margin of our intelligent driving solutions remained relatively stable at 10.7% in 2021 and 10.1% in 2022.

- Gross margin of our intelligent cabin solutions changed from a gross loss margin of 1.7% in 2021 to a gross profit margin of 45.5% in 2022. As we only delivered a limited number of projects during its prototype sample phase in 2021 and 2022, the gross margins of this business in 2021 and 2022 are not considered to be representative.

- Our vehicle infrastructure cooperative systems had a gross profit margin of nil in 2021 and 10.2% in 2022, primarily because we commenced the delivery of projects for this business in 2022.

***Selling Expenses***

Our selling expenses increased by 22.5% from RMB51.7 million in 2021 to RMB63.4 million in 2022, primarily due to (i) an increase in employee benefit expenses in relation to the expansion of our sales and marketing team, and (ii) an increase in share-based payment recorded for our sales and marketing personnel.

***General and Administrative Expenses***

Our general and administrative expenses increased by 20.5% from RMB45.5 million in 2021 to RMB54.8 million in 2022, primarily due to (i) an increase in employee benefit expenses contributed by the expansion of our administrative team, and (ii) an increase in depreciation and amortization in relation to the office equipment, software and office renovation in line with our business expansion.

***Research and Development Expenses***

Our research and development expenses increased by 69.5% from RMB82.2 million in 2021 to RMB139.3 million in 2022, primarily due to (i) an increase in employee benefit expenses, as a result of the expansion of our R&D team, and (ii) an increase in the service fees in relation to the development of certain projects to support the continual enhancement of our technological capabilities and expansion of our solutions portfolio, such as V2X platform construction project and vehicle management platform technology development project.

***Net Impairment Losses on Financial Assets***

Our net impairment losses on financial assets increased significantly from RMB2.2 million in 2021 to RMB7.5 million in 2022, primarily due to the increase in our provision for trade and notes receivables in line with the expansion in our business scale.

***Other Income***

Our other income decreased by 80.2% from RMB23.9 million in 2021 to RMB4.7 million 2022, primarily due to our receipt of a one-off financial subsidy for new resident enterprises from the local government and VAT tax rebate in 2021.

*Other Gains – Net*

Our net other gains increased significantly from RMB2.0 million in 2021 to RMB6.3 million in 2022, primarily due to an increase in net fair value gains on financial assets at FVPL from our investments in structured deposits and wealth management products.

*Finance Costs – Net*

Our net finance costs decreased by 59.2% from RMB0.7 million in 2021 to RMB0.3 million in 2022, primarily due to an increase in the interest income from cash and cash equivalents in relation to our deposit with a relatively high interest rate, partially offset by: (i) an increase in the interest expenses on bank borrowings, in line with an increase in our interest-bearing bank borrowings; and (ii) an increase in the interest expenses on lease liabilities, which was in relation to our new leases for offices and factories in line with our business expansion.

*Loss for the Year*

As a result of the foregoing, our loss for the year increased by 58.0% from RMB139.8 million in 2021 to RMB220.8 million in 2022.

## DISCUSSION OF CERTAIN KEY BALANCE SHEET ITEMS

The following table sets forth a summary of our consolidated statement of financial position as of the dates indicated:

| | As of December 31, | | | As of June 30, |
|---|---|---|---|---|
| | 2021 | 2022 | 2023 | 2024 |
| | (RMB in thousands) | | | |
| **Non-current assets** | | | | |
| Property, plant and equipment | 14,152 | 24,984 | 35,697 | 40,510 |
| Right-of-use assets | 14,682 | 13,899 | 32,535 | 50,829 |
| Intangible assets | 3,778 | 9,161 | 10,340 | 15,883 |
| Investment properties | – | 5,013 | 4,771 | 4,650 |
| Other non-current assets | 7,927 | 5,028 | 12,358 | 28,994 |
| **Total non-current assets** | **40,539** | **58,085** | **95,701** | **140,866** |

| | As of December 31, | | | As of June 30, |
|---|---|---|---|---|
| | 2021 | 2022 | 2023 | 2024 |
| | *(RMB in thousands)* | | | |
| **Current assets** | | | | |
| Inventories | 122,770 | 168,485 | 144,961 | 129,595 |
| Restricted cash | – | 20,010 | 1,690 | 1,690 |
| Trade and notes receivables | 100,890 | 217,670 | 333,585 | 398,360 |
| Other current assets | 35,037 | 40,833 | 66,878 | 69,214 |
| Financial assets at fair value through other comprehensive income | 38,438 | 23,558 | 36,462 | 7,008 |
| Financial assets at fair value through profit or loss | 135,187 | 44,581 | 210,597 | 120,901 |
| Cash and cash equivalents | 272,824 | 243,785 | 197,934 | 220,125 |
| **Total current assets** | **705,146** | **758,922** | **992,107** | **946,893** |
| **Total assets** | **745,685** | **817,007** | **1,087,808** | **1,087,759** |
| **Non-current liabilities** | | | | |
| Lease liabilities | 6,569 | 6,143 | 19,095 | 12,243 |
| Deferred income | 3,888 | 14,870 | 12,885 | 11,876 |
| Borrowings | – | – | 18,800 | 45,031 |
| **Total non-current liabilities** | **10,457** | **21,013** | **50,780** | **69,150** |
| **Current liabilities** | | | | |
| Trade and notes payable | 32,186 | 111,196 | 130,098 | 149,505 |
| Contract liabilities | 3,928 | 24,029 | 5,405 | 3,210 |
| Borrowings | 26,600 | 55,560 | 77,860 | 137,221 |
| Lease liabilities | 8,898 | 7,997 | 15,196 | 15,773 |
| Other payables and accruals | 246,556 | 53,139 | 55,395 | 56,563 |
| **Total current liabilities** | **318,168** | **251,921** | **283,954** | **362,272** |
| **Total liabilities** | **328,625** | **272,934** | **334,734** | **431,422** |
| **Equity** | | | | |
| Paid-in capital | 32,162 | 36,139 | – | – |
| Share capital | – | – | 360,000 | 360,000 |
| Reserves | 791,919 | 1,105,785 | 780,675 | 795,986 |
| Accumulated losses | (397,478) | (612,342) | (407,175) | (515,310) |
| Non-controlling interests | (9,543) | 14,491 | 19,574 | 15,661 |
| **Total equity** | **417,060** | **544,073** | **753,074** | **656,337** |
| **Total equity and liabilities** | **745,685** | **817,007** | **1,087,808** | **1,087,759** |

**Property, Plant and Equipment**

Our property, plant and equipment mainly consist of manufacturing equipment, transportation, computers and electronic equipment, office renovation and construction in-progress. Our property, plant and equipment increased from RMB14.2 million as of December 31, 2021 to RMB25.0 million as of December 31, 2022, further to RMB35.7 million as of December 31, 2023, and then increased to RMB40.5 million as of June 30, 2024, primarily due to the increase in our manufacturing equipment and construction in progress in line with our business expansion.

**Right-of-use Assets**

Our right-of-use assets represent carrying amounts of leased offices and factories for our operations. Such leases typically have a term of one to four years. Lease terms are negotiated on an individual basis and contain different terms and conditions. In determining the lease term and assessing the length of the non-cancellable period, we apply the definition of a contract and determine the period for which the contract is enforceable. See Note 16 to the Accountant's Report in Appendix I to this prospectus for a detailed description of the change of right-of-use assets during the Track Record Period.

Our right-of-use assets remained relatively stable at RMB14.7 million and RMB13.9 million as of December 31, 2021 and 2022, respectively. Our right-of-use assets significantly increased from RMB13.9 million as of December 31, 2022 to RMB32.5 million as of December 31, 2023, primarily in relation to new leases for offices and factories, in line with our business expansion. Our right-of-use assets further increased to RMB50.8 million as of June 30, 2024 as we acquired land use rights for our Guangzhou Production Base in June 2024.

**Inventories**

Our inventories primarily comprise (i) raw materials, (ii) finished goods, and (iii) contract fulfillment costs. Raw materials primarily include (i) materials for production, such as electronic components, automotive-grade chips, PCB and camera modules, and (ii) those mainly for trial production or R&D activities, which are expensed as incurred. Finished goods primarily consist of our intelligent driving and in-cabin products that are ready for transit at our manufacturing facilities or in transit to fulfill customer orders. Contract fulfillment costs represent costs of projects in progress as of the dates indicated, which were subsequently recognized as cost of sales after the delivery of related projects. The following table sets forth a breakdown of our inventories as of the dates indicated:

| | As of December 31, | | | As of June 30, |
|---|---|---|---|---|
| | 2021 | 2022 | 2023 | 2024 |
| | *(RMB in thousands)* | | | |
| Raw materials | 61,202 | 62,353 | 64,718 | 60,832 |
| Semi-finished goods | 7,795 | 7,887 | 6,799 | 8,450 |
| Finished goods | 41,984 | 40,682 | 64,944 | 52,540 |
| Contract fulfillment costs | 23,976 | 72,002 | 26,732 | 26,867 |
| **Subtotal** | **134,957** | **182,924** | **163,193** | **148,689** |
| Less: provision of inventories | (12,187) | (14,439) | (18,232) | (19,094) |
| **Total** | **122,770** | **168,485** | **144,961** | **129,595** |

Our inventories increased from RMB122.8 million as of December 31, 2021 to RMB168.5 million as of December 31, 2022, primarily in line with our business expansion. Our inventories subsequently decreased from RMB168.5 million as of December 31, 2022 to RMB145.0 million as of December 31, 2023, primarily due to a decrease in the contract fulfillment costs, as we delivered several projects of our vehicle infrastructure cooperative systems in 2023 that were still in progress as of December 31, 2022. Our inventories decreased from RMB145.0 million as of December 31, 2023 to RMB129.6 million as of June 30, 2024, primarily attributable to a decrease in finished goods, in line with the increase in our delivered projects and revenue in the first half of 2024.

As of December 31, 2021, 2022 and 2023 and June 30, 2024, a substantial majority of our inventories balance was aged within one year. The following table sets forth an aging analysis of our inventories based on recognition date as of the dates indicated:

| | As of December 31, | | | As of June 30, |
|---|---|---|---|---|
| | 2021 | 2022 | 2023 | 2024 |
| | *(RMB in thousands)* | | | |
| Within one year | 134,957 | 158,291 | 142,296 | 136,536 |
| Over one year | 0 | 24,633 | 20,897 | 12,153 |
| **Total** | **134,957** | **182,924** | **163,193** | **148,689** |

The following table sets forth our inventory turnover days for the years/period indicated:

| | Year ended December 31, | | | As of June 30, |
|---|---|---|---|---|
| | 2021 | 2022 | 2023 | 2024 |
| | *(days)* | | | |
| Inventory turnover days[(1)] | 194 | 216 | 140 | 123 |

*Note:*

(1) Inventory turnover days equal the average of opening balance and closing balance of the inventories for relevant period divided by cost of sales for the same period and multiplied by the number of days during such period (which is 365 days for one fiscal year or 182 days for the six-month period, as the case may be).

Our inventory turnover days increased from 194 days in 2021 to 216 days in 2022, primarily due to an increase in the contract fulfillment costs in relation to the delivery of projects for our vehicle infrastructure cooperative systems business that were still in progress as of December 31, 2022. Our inventory turnover days decreased from 216 days in 2022 to 140 days in 2023, primarily because we recognized certain contract fulfillment costs as of December 31, 2022 as cost of sales in 2023 upon the delivery of the relevant projects. Our inventory turnover days decreased from 140 days in 2023 to 123 days in the six months ended June 30, 2024, primarily due to the increase in delivery of finished goods, in line with our business growth and our enhanced inventory management.

We provided provisions of inventories of RMB12.2 million, RMB14.4 million, RMB18.2 million and RMB19.1 million as of December 31, 2021, 2022 and 2023 and June 30, 2024, respectively. We state inventories at the lower of cost and net realizable value. The net realizable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale. See "—Critical Accounting Policies, Estimates and Judgments—Inventory Provision" for details. We review the condition of our inventories regularly and review recoverability and aging of inventories at the end of each year. We make allowances for inventories that are identified as obsolete, slow-moving or no longer recoverable, taking into account the latest market selling price and subsequent deliveries of such goods.

Taking into account that (i) our comprehensive solution portfolio requires various hardware of varying sophistication; (ii) we strategically maintain sufficient supply to meet the demand and support our business growth; (iii) a substantial majority of our inventories as of December 31, 2021, 2022 and 2023 and June 30, 2024 aged within one year and were subsequently settled or expected to be settled in one year; (iv) we have made full provision for inventories of raw materials that age over one year with no explicit usage plan and the remaining inventories of raw materials remain in working order and suitable for production; (v) we have made provision to the net realizable value for finished goods and made full provision for a small portion of finished goods which we do not have explicit sales plan; and (vi) we have implemented an effective inventory management system to monitor our inventory levels and recoverability, we are of the view that we have made sufficient impairment provision for inventories during the Track Record Period and there is no material recoverability issue for our inventories.

As of October 31, 2024, RMB50.5 million, or approximately 39.0%, of our inventories as of June 30, 2024 had been subsequently sold or utilized.

**Trade and Notes Receivables**

Our trade and notes receivables represent amounts due from customers for goods sold or services performed in our ordinary course of business. The following table sets forth our trade and notes receivables as of the dates indicated:

| | As of December 31, | | | As of June 30, 2024 |
|---|---|---|---|---|
| | 2021 | 2022 | 2023 | |
| | *(RMB in thousands)* | | | |
| Trade receivables | 86,867 | 201,146 | 309,044 | 383,861 |
| Notes receivables | 18,381 | 26,414 | 38,446 | 33,964 |
| Less: provision for impairment | (4,358) | (9,890) | (13,905) | (19,465) |
| **Total** | **100,890** | **217,670** | **333,585** | **398,360** |

Our trade and notes receivables increased from RMB100.9 million as of December 31, 2021 to RMB217.7 million as of December 31, 2022, further to RMB333.6 million as of December 31, 2023, and then increased to RMB398.4 million as of June 30, 2024, primarily due to our business growth throughout the Track Record Period.

We apply the simplified approach in relation to the impairment of trade and notes receivables as prescribed by IFRS 9 to measuring expected credit losses which uses a lifetime expected loss allowance for all trade and notes receivables. As of December 31, 2021, 2022 and 2023 and June 30, 2024, we recognized provision for impairment of RMB4.4 million, RMB9.9 million, RMB13.9 million and RMB19.5 million, respectively, which we believe were sufficient as of the relevant dates.

The credit period that we granted to customers during the Track Record Period was typically within one year. Our trade and notes receivables are generally settled in line with the terms of relevant contracts. During the Track Record Period, most of our trade and notes receivables were outstanding for less than one year. The following table sets forth an aging analysis of our trade and notes receivables, including related provision for impairment, based on recognition date as of the dates indicated:

| | As of December 31, | | | As of June 30, |
|---|---|---|---|---|
| | 2021 | 2022 | 2023 | 2024 |
| | *(RMB in thousands)* | | | |
| Up to 1 year | 97,833 | 214,510 | 323,236 | 390,402 |
| 1-2 years | 5,011 | 9,333 | 16,704 | 18,792 |
| 2-3 years | 2,404 | 2,714 | 4,662 | 4,827 |
| Over 3 years | – | 1,003 | 2,888 | 3,804 |
| **Total** | **105,248** | **227,560** | **347,490** | **417,825** |

The following table sets forth the turnover days of our trade and notes receivables for the years/period indicated:

| | Year ended December 31, | | | As of June 30, |
|---|---|---|---|---|
| | 2021 | 2022 | 2023 | 2024 |
| | *(days)* | | | |
| Trade and notes receivables turnover days(1) | 191 | 217 | 220 | 294 |

*Note:*

(1) Trade and notes receivables turnover days equal the average of opening balance and closing balance of trade and notes receivables for relevant period divided by total revenue for the same period and multiplied by the number of days during such period (which is 365 days for one fiscal year or 182 days for the six-month period, as the case may be).

Our trade and notes receivables turnover days increased from 191 days in 2021 to 217 days in 2022, primarily due to changes to the structure of our customer base as we engaged more OEMs and tier-one suppliers and fewer vehicle owners, and some of such OEMs and tier-one suppliers are typically given a longer credit period of nine months given their strong market presence. Our trade and notes receivables turnover days remained relatively stable at 217 days and 220 days in 2022 and 2023, respectively. Our trade and notes receivables turnover days increased from 220 days in 2023 to 294 days in the six months ended June 30, 2024, primarily because the increase in our trade receivables in the first half of 2024 outpaced the increase in our revenue in the same period, which was affected by the seasonal fluctuations in demand of our solutions. See "—Key Factors Affecting Our Results of Operation—Seasonality."

As of December 31, 2021, 2022 and 2023 and June 30, 2024, our provision for impairment of trade and notes receivables were RMB4.4 million, RMB9.9 million, RMB13.9 million and RMB19.5 million, respectively. With respect to trade and notes receivables, we have assessed the expected credit losses by considering a number of factors including historical default rates, existing market conditions and forward-looking information. Our management performed below procedures to ensure the provision of ECL is sufficient: (a) evaluating the related accounting policies and historical judgments adopted in ECL; (b) maintaining regular communication with customers to confirm the balances of receivables; (c) taking into consideration of both current and future economic conditions including the historical recovery rate of these trade and notes receivables and reviewing the forward-looking macroeconomic data used in ECL model of trade and notes receivables; (d) examining the recoverability based on the financial and non-financial status of the customers and other external factors and considerations.

Our Directors believe that there is no material recoverability issue with respect to our trade and notes receivables and that we have sufficient provision for impairment in light of the prevailing circumstances as of the Latest Practicable Date, based on (i) our periodic evaluation to closely monitor our credit risks and make proper provision for expected impairment, (ii) our stringent internal controls on the management of trade and notes receivables, and (iii) the creditability of our major customers, which are reputable with solid track record in the industry. See Note 3.1(b) to the Accountant's Report included in Appendix I to this prospectus.

As of October 31, 2024, RMB130.1 million, or approximately 32.7%, of our trade and notes receivables as of June 30, 2024 had been subsequently settled.

**Other Current Assets**

Our other current assets primarily represent (i) prepayments for products and services procurement, such as prepayments for raw materials to our suppliers, (ii) value-added tax ("**VAT**") recoverable relating to input VAT to be deducted for further VAT payments, and (iii) deposits relating to leases for office space. The following table sets forth a breakdown of our other current assets as of the dates indicated:

| | As of December 31, | | | As of June 30, |
|---|---|---|---|---|
| | 2021 | 2022 | 2023 | 2024 |
| | *(RMB in thousands)* | | | |
| **Other receivables** | | | | |
| Deposits | 701 | 2,246 | 4,712 | 6,607 |
| Others | 1,196 | 1,651 | 2,142 | 1,960 |
| Advance to staff | 791 | 982 | 961 | 1,351 |
| Less: allowance for credit losses | (126) | (307) | (720) | (813) |
| | 2,562 | 4,572 | 7,095 | 9,105 |
| **Prepayments** | | | | |
| Products and services procurement | 6,924 | 13,490 | 32,918 | 35,303 |
| Prepaid listing expenses | – | – | – | 2,019 |
| **Other assets** | | | | |
| VAT recoverable | 23,088 | 20,191 | 24,163 | 20,023 |
| Others | 2,463 | 2,580 | 2,702 | 2,764 |
| **Total** | **35,037** | **40,833** | **66,878** | **69,214** |

Our other current assets increased from RMB35.0 million as of December 31, 2021 to RMB40.8 million as of December 31, 2022, further to RMB66.9 million as of December 31, 2023, and then slightly increased to RMB69.2 million as of June 30, 2024, primarily due to the increase in (i) the prepayments for products and services we procured, which were made to secure timely and stable supplies in anticipation of increased demand from customers based on their purchase orders, and (ii) the lease deposits of our offices and factories, which was in line with our business expansion during the Track Record Period.

Our advance to staff represents advance payments to our employees to cover expenses incurred by them on behalf of the Group, such as expenses for business trips and procurement of office supplies.

**Financial Assets at FVPL**

Financial assets at FVPL comprise structured deposits and low risk wealth management products that are issued by major reputable commercial banks in the PRC. We managed and evaluated the performance of investments on a fair value basis in accordance with our business needs and investment strategy. We endeavor to increase the return of idle cash and bank balances by placing investments in structured deposits and wealth management products with high liquidity, low risk and a maturity of typically no more than one year such that our risk exposure arising from such investments is controlled.

Our finance department is responsible for proposing, analyzing and evaluating potential investment in such products. Our management, including our finance department, has extensive experience in managing the financial aspects of an enterprise's operations. In particular, Mr. Wen Qi, our Board secretary and chief financial officer, has approximately 20 years of experience in accounting and finance. Furthermore, all of such investment proposals by our finance department are subject to the review and approval by our authorized personnel. In particular, prior to making investments in wealth management products amounting to more than RMB50 million, the proposal shall be reviewed and approved by Mr. Wen Qi, and where such investments amount to more than RMB100 million, the approval of Mr. Liu Guoqing, our chairman of the Board and general manager, is required. See "—Financial Risks Management." After Listing, we intend to continue our investments in structured deposits and wealth management products in accordance with our internal policies and the applicable requirements under Chapter 14 of the Listing Rules.

Our investment strategy related to such products focuses on minimizing the financial risks by reasonably and conservatively matching the maturities of the portfolio to anticipated operating cash needs, while generating desirable investment returns. We make investment decisions after thoroughly considering a number of factors, including, but not limited to, macro-economic environment, general market conditions, risk control and credit of issuing financial institutions, our own working capital conditions, and the expected profit or potential loss of the investment.

Details of the fair value measurement of financial assets at FVPL, particularly the fair value hierarchy, the valuation techniques and key inputs, including significant unobservable inputs, and the relationship of unobservable inputs to fair value are disclosed in Note 3.3 to the Accountant's Report in Appendix I to this prospectus.

The following table sets forth our financial assets at FVPL as of the dates indicated:

| | As of December 31, | | | As of June 30, |
|---|---|---|---|---|
| | 2021 | 2022 | 2023 | 2024 |
| | *(RMB in thousands)* | | | |
| Investment in structured deposits and wealth management products issued by banks | 135,187 | 44,581 | 210,597 | 120,901 |

Our financial assets at FVPL decreased from RMB135.2 million as of December 31, 2021 to RMB44.6 million as of December 31, 2022, subsequently increased to RMB210.6 million as of December 31, 2023, and then decreased to RMB120.9 million as of June 30, 2024. The fluctuations in our financial assets at FVPL were primarily in relation to changes to the balance of our investments in structured deposits and wealth management products as of the dates indicated.

**Trade and Notes Payables**

Our trade and notes payables primarily consist of our trade payables for the purchase of raw materials. The following table sets forth our trade and notes payables as of the dates indicated:

| | As of December 31, | | | As of June 30, |
|---|---|---|---|---|
| | 2021 | 2022 | 2023 | 2024 |
| | *(RMB in thousands)* | | | |
| Trade payables | 31,279 | 111,196 | 130,098 | 149,505 |
| Notes payables | 907 | – | – | – |
| **Total** | **32,186** | **111,196** | **130,098** | **149,505** |

Our trade and notes payables increased significantly from RMB32.2 million as of December 31, 2021 to RMB111.2 million as of December 31, 2022, further to RMB130.1 million, and then increased to RMB149.5 million as of June 30, 2024, primarily due to an increase in our procurement of raw materials in line with our business expansion. During the Track Record Period, our suppliers typically granted us a credit period of 30 to 90 days after the date of the VAT invoices. The following table sets forth an aging analysis of our trade and notes payables as of the dates indicated:

| | As of December 31, | | | As of June 30, |
|---|---|---|---|---|
| | 2021 | 2022 | 2023 | 2024 |
| | *(RMB in thousands)* | | | |
| Within 1 year | 31,695 | 105,913 | 100,802 | 121,188 |
| 1 to 2 years | 482 | 5,281 | 26,539 | 24,966 |
| Over 2 years | 9 | 2 | 2,757 | 3,351 |
| **Total** | **32,186** | **111,196** | **130,098** | **149,505** |

The following table sets forth the turnover days of our trade and notes payables for the years/period indicated:

| | Year ended December 31, | | | As of June 30, |
|---|---|---|---|---|
| | 2021 | 2022 | 2023 | 2024 |
| | *(days)* | | | |
| Trade and notes payables turnover days(1) | 67 | 106 | 108 | 125 |

*Note:*

(1) Trade and notes payables turnover days equal the average of the opening and closing balances of trade and notes payables for relevant period divided by total cost of sales for the same period and multiplied by the number of days during such period (which is 365 days for one fiscal year or 182 days for the six-month period, as the case may be).

Our trade and notes payables turnover days increased from 67 days in 2021 to 106 days in 2022, primarily because we were granted longer credit periods by certain suppliers, as we scaled up and had more procurement needs, and our bargaining power increased accordingly. Our trade and notes payables turnover days remained relatively stable at 106 days and 108 days in 2022 and 2023, respectively. Our trade and notes payables turnover days increased from 108 days in 2023 to 125 days in the six months ended June 30, 2024, primarily due to a further increase in our bargaining power and credit periods granted by certain suppliers.

As of October 31, 2024, RMB79.4 million, or approximately 53.1%, of our trade and notes payables as of June 30, 2024 had been subsequently settled.

### Contract Liabilities

Our contract liabilities represent advance payments made by customers while the underlying goods or services are yet to be provided. Our contract liabilities were RMB3.9 million, RMB24.0 million, RMB5.4 million and RMB3.2 million as of December 31, 2021, 2022 and 2023 and June 30, 2024, respectively. The fluctuations in our contract liabilities were primarily due to our receipt of advance payments made by customers in 2022 and recognition of revenue upon delivery of the relevant projects in 2023 and the first half of 2024.

### Other Payables and Accruals

Our other payables and accruals primarily consist of payroll and welfare payables, VAT and other taxes payables, accrued expenses, warranty provision and others. The following table sets forth a breakdown of our other payables and accruals as of the dates indicated:

| | As of December 31, | | | As of June 30, |
|---|---|---|---|---|
| | **2021** | **2022** | **2023** | **2024** |
| | *(RMB in thousands)* | | | |
| Payroll and welfare payables | 24,740 | 29,131 | 24,507 | 15,383 |
| VAT and other taxes payables | 4,175 | 4,584 | 5,026 | 3,985 |
| Accrued expenses | 7,129 | 10,950 | 7,900 | 7,485 |
| Payable for long-term assets | 359 | 1,412 | 3,520 | 6,186 |
| Advance receipts of financing | 200,000 | – | – | – |
| Warranty provision | 3,518 | 5,605 | 9,297 | 10,765 |
| Accrued listing expenses | – | – | – | 7,799 |
| Others | 6,635 | 1,457 | 5,145 | 4,960 |
| **Total** | **246,556** | **53,139** | **55,395** | **56,563** |

Our other payables and accruals significantly decreased from RMB246.6 million as of December 31, 2021 to RMB53.1 million as of December 31, 2022, primarily due to a decrease of RMB200 million in the advance receipts of financing we received in 2021 following the completion of the capital increase in 2022. Our other payables and accruals remained relatively stable at RMB53.1 million, RMB55.4 million and RMB56.6 million as of December 31, 2022 and 2023 and June 30, 2024, respectively.

## KEY FINANCIAL RATIOS

The following table sets forth our key financial ratios as of the dates or for the years/period indicated:

| | As of or for the year ended December 31, | | | As of or for the six months ended June 30, |
|---|---|---|---|---|
| | 2021 | 2022 | 2023 | 2024 |
| Gross profit margin[1] | 9.7% | 12.0% | 14.3% | 14.1% |
| Net loss margin[2] | (79.8)% | (79.0)% | (43.5)% | (47.3)% |
| Current ratio[3] | 2.22x | 3.01x | 3.49x | 2.61x |
| Adjusted net loss margin (non-IFRS measure)[4] | (74.8)% | (73.7)% | (38.8)% | (34.8)% |
| Asset-liability ratio[5] | 2.27x | 2.99x | 3.25x | 2.52x |

(1) Gross profit margin equals gross profit divided by revenue for the year/period indicated and multiplied by 100%.

(2) Net loss margin equals net loss divided by revenue for the year/period indicated and multiplied by 100%.

(3) Current ratio equals total current assets divided by total current liabilities as of the date indicated.

(4) Adjusted net loss margin (non-IFRS measure) equals adjusted net loss (non-IFRS measure) divided by revenue for the year/period indicated and multiplied by 100%.

(5) Asset-liability ratio equals total assets divided by total liabilities as of the date indicated.

See "—Results of Operations" for a discussion of the factors affecting our gross margin during the Track Record Period.

Our net loss margin was 79.8%, 79.0%, 43.5% and 47.3% in 2021, 2022 and 2023 and the six months ended June 30, 2024, respectively. Our net loss margin was relatively low in 2023 and the six months ended June 30, 2024, primarily due to (i) an increase in our gross margin, and (ii) decreases in our operating expenses as a percentage of the total revenue attributable to increased operating efficiency.

Our current ratio increased from 2.22x as of December 31, 2021 to 3.01x as of December 31, 2022, primarily due to a decrease in our current liabilities, which is attributable to a decrease in our other payables and accruals in relation to the advance receipts of financing we received in 2021 following the completion of the capital increase in 2022, partially offset by an increase in our trade and notes payables attributable to an increase in our procurement of raw materials in line with our business expansion. Our current ratio increased from 3.01x as of December 31, 2022 to 3.49x as of December 31, 2023, primarily due to an increase in our current assets, which is attributable to (i) an increase in our trade and notes receivables in line with our business growth, and (ii) an increase in our financial assets at FVPL in relation to our investments in structured deposits and wealth management products. Our current ratio decreased from 3.49x as of December 31, 2023 to 2.61x as of June 30, 2024, primarily attributable to (i) a decrease in our financial assets at FVPL in relation to our investments in structured deposits and wealth management products, and (ii) an increase in interest-bearing bank borrowings as we optimized our debt structure by making better utilization of our debt financing resources, partially offset by an increase in our trade and notes receivables, which was in line with our business growth.

See "—Non-IFRS Measures" for a discussion of the factors affecting our adjusted net loss margin (non-IFRS measure) during the Track Record Period.

Our asset-liability ratio increased from 2.27x as of December 31, 2021 to 2.99x as of December 31, 2022, primarily due to (i) an increase in our trade and notes receivables in line with our business growth, and (ii) a decrease in our other payables and accruals in relation to the advance receipts of financing we received in 2021 following the completion of the capital increase in 2022, partially offset by a decrease in our financial assets at FVPL in relation to our investments in structured deposits and wealth management products. Our asset-liability ratio increased from 2.99x as of December 31, 2022 to 3.25x as of December 31, 2023, primarily due to (i) an increase in our trade and notes receivables in line with our business growth, and (ii) an increase in our financial assets at FVPL in relation to our investments in structured deposits and wealth management products. Our asset-liability ratio decreased from 3.25x as of December 31, 2023 to 2.52x as of June 30, 2024, primarily due to (i) an increase in our long-term borrowings and interest-bearing bank borrowings as we optimized our debt structure by making better utilization of our debt financing resources, and (ii) a decrease in our financial assets at FVPL in relation to our investments in structured deposits and wealth management products.

## NET CURRENT ASSETS

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

| | As of December 31, | | | As of June 30, | As of October 31, |
|---|---|---|---|---|---|
| | 2021 | 2022 | 2023 | 2024 | 2024 |
| | (RMB in thousands) | | | | |
| | | | | | (unaudited) |
| **Current assets** | | | | | |
| Inventories | 122,770 | 168,485 | 144,961 | 129,595 | 134,997 |
| Restricted cash | – | 20,010 | 1,690 | 1,690 | 4,842 |
| Trade and notes receivables | 100,890 | 217,670 | 333,585 | 398,360 | 466,752 |
| Other current assets | 35,037 | 40,833 | 66,878 | 69,214 | 89,368 |
| Financial assets at fair value through other comprehensive income | 38,438 | 23,558 | 36,462 | 7,008 | 13,497 |
| Financial assets at fair value through profit or loss | 135,187 | 44,581 | 210,597 | 120,901 | 55,864 |
| Cash and cash equivalents | 272,824 | 243,785 | 197,934 | 220,125 | 179,067 |
| **Total current assets** | **705,146** | **758,922** | **992,107** | **946,893** | **944,387** |
| **Current liabilities** | | | | | |
| Trade and notes payable | 32,186 | 111,196 | 130,098 | 149,505 | 177,891 |
| Contract liabilities | 3,928 | 24,029 | 5,405 | 3,210 | 5,586 |
| Borrowings | 26,600 | 55,560 | 77,860 | 137,221 | 178,380 |
| Lease liabilities | 8,898 | 7,997 | 15,196 | 15,773 | 15,738 |
| Other payables and accruals | 246,556 | 53,139 | 55,395 | 56,563 | 43,001 |
| **Total current liabilities** | **318,168** | **251,921** | **283,954** | **362,272** | **420,596** |
| **Net current assets** | **386,978** | **507,001** | **708,153** | **584,621** | **523,791** |

Our net current assets decreased by 10.4% from RMB584.6 million as of June 30, 2024 to RMB523.8 million as of October 31, 2024, primarily due to (i) a decrease of RMB65.0 million in financial assets at FVPL in relation to our investments in structured deposits and wealth management products, (ii) an increase of RMB41.2 million in current borrowings, as we optimized our debt structure by making better utilization of our debt financing resources, and (iii) a decrease of RMB41.1 million in cash and cash equivalents as we spent cash to support our daily operations during such period, partially offset by an increase of RMB68.4 million in trade and notes receivables, which was in line with our business growth.

Our net current assets decreased by 17.4% from RMB708.2 million as of December 31, 2023 to RMB584.6 million as of June 30, 2024, primarily due to (i) a decrease of RMB89.7 million in financial assets at FVPL in relation to our investments in structured deposits and wealth management products, and (ii) an increase of RMB59.4 million in current borrowings, as we optimized our debt structure by making better utilization of our debt financing resources, partially offset by an increase of RMB64.8 million in trade and notes receivables, which was in line with our business growth.

Our net current assets increased by 39.7% from RMB507.0 million as of December 31, 2022 to RMB708.2 million as of December 31, 2023, primarily due to (i) an increase of RMB115.9 million in trade and notes receivables in line with our business growth, and (ii) an increase of RMB166.0 million in financial assets at FVPL in relation to our investments in structured deposits and wealth management products.

Our net current assets increased by 31.0% from RMB387.0 million as of December 31, 2021 to RMB507.0 million as of December 31, 2022, primarily due to (i) an increase of RMB116.8 million in trade and notes receivables in line with our business growth, and (ii) a decrease of RMB193.4 million in other payables and accruals, primarily due to a decrease in the advance receipts of financing we received in 2021 following the completion of the capital increase in 2022, partially offset by (i) a decrease of RMB90.6 million in financial assets at FVPL in relation to our investments in structured deposits and wealth management products, and (ii) an increase of RMB79.0 million in trade and notes payables in line with our business growth.

## LIQUIDITY AND CAPITAL RESOURCES

### Working Capital Sufficiency

Our Directors are of the view, and the Joint Sponsors concur, that taking into account our available resources including cash and cash equivalents on hand, the operating cash flows, the available banking facilities and the net estimated proceeds from the Global Offering, we have sufficient working capital for our present requirements and for the next 12 months from the date of this prospectus.

During the Track Record Period and up to the Latest Practicable Date, we primarily funded our cash requirements from cash from operations, bank borrowings and proceeds we received from Pre-IPO Investments. As of October 31, 2024, we had cash and cash equivalents of RMB179.1 million and financial assets at FVPL of RMB55.9 million.

## Cash Flows

The following table sets forth selected cash flow statement information for the years/periods indicated:

| | Year ended December 31, | | | Six months ended June 30, | |
|---|---|---|---|---|---|
| | 2021 | 2022 | 2023 | 2023 | 2024 |
| | *(RMB in thousands)* | | | | |
| | | | | *(unaudited)* | |
| Operating loss before changes in working capital | (121,327) | (186,842) | (150,302) | (101,565) | (67,299) |
| Changes in working capital | (130,516) | (69,380) | (127,943) | (13,822) | (18,934) |
| Interest received | 213 | 1,234 | 1,967 | 1,015 | 1,669 |
| Income taxes paid | (450) | (172) | (60) | (60) | (15) |
| Net cash used in operating activities | (252,080) | (255,160) | (276,338) | (114,432) | (84,579) |
| Net cash (used in)/generated from investing activities | (55,405) | 75,411 | (188,357) | (47,975) | 32,653 |
| Net cash generated from financing activities | 535,336 | 150,589 | 418,870 | 44,458 | 74,105 |
| **Net increase/(decrease) in cash and cash equivalents** | **227,851** | **(29,160)** | **(45,825)** | **(117,949)** | **22,179** |
| Cash and cash equivalents at the beginning of the year/period | 45,001 | 272,824 | 243,785 | 243,785 | 197,934 |
| Effects of exchange rate changes on cash and cash equivalents | (28) | 121 | (26) | 68 | 12 |
| **Cash and cash equivalents at the end of the year/period** | **272,824** | **243,785** | **197,934** | **125,904** | **220,125** |

### *Net Cash Used in Operating Activities*

Our net cash used in operating activities primarily represent our loss before income tax for the year/period, adjusted by (i) non-cash and non-operating items (such as depreciation and amortization, share-based compensation and inventory provision), (ii) the effects of movement in working capital (such as changes in inventories, trade and notes receivables, prepayments, other receivables and other assets), and (iii) other cash items (such as interest received and income tax paid).

In the six months ended June 30, 2024, we had net cash used in operating activities of RMB84.6 million, which represents our loss before income tax of RMB112.0 million, as adjusted by non-cash and non-operating items and movements in working capital primarily consisting of (i) a decrease in financial assets at FVOCI of RMB29.5 million, mainly due to a decrease in our notes receivables classified as financial assets at FVOCI in the first half of 2024; and (ii) an increase in trade payables and accruals of RMB19.4 million, primarily due to an increase in our procurement of raw materials in line with our business expansion, partially offset by an increase in trade and notes receivables of RMB68.2 million in line with our business growth.

In 2023, we had net cash used in operating activities of RMB276.3 million, which represents our loss before income tax of RMB207.1 million, as adjusted by non-cash and non-operating items and movements in working capital primarily consisting of an increase in trade and notes receivables of RMB120.1 million in line with our business growth.

In 2022, we had net cash used in operating activities of RMB255.2 million, which represents our loss before income tax of RMB220.7 million, as adjusted by non-cash and non-operating items and movements in working capital primarily consisting of an increase in trade and notes receivables of RMB127.7 million in line with our business growth, partially offset by an increase in trade payables of RMB79.0 million primarily due to an increase in our procurement of raw materials in line with our business expansion.

In 2021, we had net cash used in operating activities of RMB252.1 million, which represents our loss before income tax of RMB139.3 million, as adjusted by non-cash and non-operating items and movements in working capital primarily consisting of (i) an increase in inventories of RMB82.2 million, primarily because we procured and maintained a relatively high level of semiconductor chips inventory in 2021 to ensure that our production would not be disrupted in light of any supply crunch, see "Business—Impact of the COVID-19 Pandemic and the Global Shortage of Semiconductor Chips," and (ii) an increase in financial assets at fair value through other comprehensive income of RMB35.2 million, primarily due to the increase in our notes receivables classified as financial assets at FVOCI in 2021, see Note 23 to the Accountant's Report in Appendix I to this prospectus.

We expect our net operating cash outflows position to improve concurrently with our results of operations, mainly through: (i) capturing the rapid growth of the automotive intelligence solutions industry; (ii) capitalizing on our existing design wins to achieve mass production of similar vehicle models; (iii) further enhancing our relationships with existing customers by continually offering customized and cost-effective solutions in a responsive manner; (iv) growing our customer base and expanding to new geographies through strengthening our sales and marketing capabilities and enhancing strategic partnerships with international leading OEMs and tier-one suppliers; (v) refining our solutions and launching our iPilot 4 in 2025; (vi) improving our gross profit margin by optimizing our cost structure, enhancing economies of scale and improving manufacturing efficiency with intelligent facilities and (vii) enhancing our working capital efficiency and improve our inventory turnover and receivable and payable cycles. See "Business—Business Sustainability" for details.

For analysis on our loss-making position, see "—Period-to-Period Comparison of Results of Operations" and "Business—Business Sustainability."

***Net Cash Used in/Generated from Investing Activities***

In the six months ended June 30, 2024, we had net cash used in investing activities of RMB32.7 million, which was primarily attributable to net cash generated from investment in structured deposits and wealth management products of RMB92.1 million, partially offset by purchase of land use rights in relation to our Guangzhou Production Base and a production base to be constructed of RMB42.0 million.

In 2023, we had net cash used in investing activities of RMB188.4 million, which was primarily due to net cash used in investment in structured deposits and wealth management products of RMB162.2 million.

In 2022, we had net cash generated from investing activities of RMB75.4 million, which was primarily attributable to net cash generated from investment in structured deposits and wealth management products of RMB98.7 million, partially offset by purchase of property, plant and equipment of RMB17.2 million.

In 2021, we had net cash used in investing activities of RMB55.4 million, which was primarily due to net cash used in investment in structured deposits and wealth management products of RMB41.1 million, and purchase of property, plant and equipment of RMB11.9 million.

***Net Cash Generated from Financing Activities***

In the six months ended June 30, 2024, we had net cash generated from financing activities of RMB74.1 million, which was primarily attributable to proceeds from bank borrowings of RMB168.5 million, partially offset by repayment of bank borrowings of RMB82.9 million.

In 2023, we had net cash generated from financing activities of RMB418.9 million, which was primarily attributable to (i) receipt of share capital from ordinary shareholders of RMB348.5 million, (ii) proceeds from bank borrowings of RMB104.8 million, and (iii) proceeds from investments of non-controlling interests of RMB50.0 million, partially offset by repayment of bank borrowings of RMB63.7 million.

In 2022, we had net cash generated from financing activities of RMB150.6 million, which was primarily attributable to (i) receipt of share capital from ordinary shareholders RMB105.9 million, and (ii) proceeds from bank borrowings of RMB57.0 million.

In 2021, we had net cash generated from financing activities of RMB535.3 million, which was primarily attributable to (i) receipt of share capital from ordinary shareholders of RMB526.0 million, and (ii) proceeds from bank borrowings of RMB32.9 million, partially offset by repayment of bank borrowings of RMB17.7 million.

## INDEBTEDNESS

The table below sets forth a breakdown of our indebtedness as of the dates indicated:

| | As of December 31, | | | As of June 30, | As of October 31, |
|---|---|---|---|---|---|
| | 2021 | 2022 | 2023 | 2024 | 2024 |
| | *(RMB in thousands)* | | | | |
| | | | | | *(unaudited)* |
| **Current** | | | | | |
| Borrowings | 26,600 | 55,560 | 77,860 | 137,221 | 178,380 |
| Lease liabilities | 8,898 | 7,997 | 15,196 | 15,773 | 15,738 |
| **Non-current** | | | | | |
| Borrowings | – | – | 18,800 | 45,031 | 32,250 |
| Lease liabilities | 6,569 | 6,143 | 19,095 | 12,243 | 7,831 |
| **Total indebtedness** | **42,067** | **69,700** | **130,951** | **210,268** | **234,199** |

### Borrowings

As of December 31, 2021, 2022 and 2023, June 30, 2024 and October 31, 2024, we had total borrowings of RMB26.6 million, RMB55.6 million, RMB96.7 million, RMB182.3 million and RMB210.6 million, respectively. The increases in the balance of our borrowings were primarily due to the growing cash requirements in line with our business expansion and our continued efforts to optimize our debt structure by making better utilization of our debt financing resources and raising funds with lower costs. We borrow primarily from well-established commercial banks in China. As of October 31, 2024, all of our borrowings were denominated in Renminbi, and had an effective interest rate ranging from 3.00% to 4.90% per annum, and a maturity date from November 2024 to September 2026. As of the same date, a majority of our borrowings were guaranteed by Dr. Liu Guoqing alone, while certain of our borrowings were jointly guaranteed by Dr. Liu Guoqing and others including Mr. Yang Guang and Mr. Wang Qicheng. We expect to release all of the aforementioned personal guarantees before the proposed Listing.

The table below sets forth a breakdown of our borrowings into (i) unsecured and guaranteed and (ii) secured and guaranteed as of the dates indicated:

| | As of December 31, | | | As of June 30, | As of October 31, |
|---|---|---|---|---|---|
| | 2021 | 2022 | 2023 | 2024 | 2024 |
| | (RMB in thousands) | | | | |
| | | | | | (unaudited) |
| Unsecured and guaranteed | 17,050 | 9,560 | 96,660 | 131,868 | 165,780 |
| Secured and guaranteed | 9,550 | 46,000 | – | 20,000 | 20,000 |
| Unsecured and unguaranteed | – | – | – | 30,384 | 24,850 |
| **Total** | **26,600** | **55,560** | **96,660** | **182,252** | **210,630** |

As of October 31, 2024, RMB20.0 million of our borrowings were secured by our intellectual property rights. For details, see Note 31 to the Accountant's Report included in Appendix I to this prospectus. As of October 31, 2024, we had unutilized banking facilities of RMB45.0 million.

### Lease Liabilities

Our lease liabilities are in relation to properties that we lease primarily for our offices and factories. As of December 31, 2021, 2022 and 2023, June 30, 2024 and October 31, 2024, we recognized total lease liabilities of RMB15.5 million, RMB14.1 million, RMB34.3 million, RMB28.0 million and RMB23.6 million, respectively. The fluctuation in our lease liabilities was primarily due to the changes in leases for offices and factories in line with our business expansion strategy.

### Contingent Liabilities

As of December 31, 2021, 2022 and 2023 and June 30, 2024, we did not have any significant contingent liabilities. Our Directors confirmed that there had not been any material change in the contingent liabilities of our Company since June 30, 2024 and up to the Latest Practicable Date.

### Indebtedness Statement

Our Directors confirm that (i) as of the Latest Practicable Date, our Group did not experience any difficulty in obtaining bank loans and other borrowings, and (ii) during the Track Record Period and up to the date of this prospectus, (a) our Group did not experience any material default in payment of trade and non-trade payables, bank loans and other borrowings and (b) there was no material covenant on any of our outstanding debt and there was no breach of any covenant.

Save as disclosed above, as of October 31, 2024, being the latest practicable date for determining our indebtedness, we did not have any outstanding mortgages, charges, debentures, other issued debt capital, bank overdrafts, borrowings, liabilities under acceptance or other similar indebtedness, hire purchase commitments, guarantees or other material contingent liabilities. Our Directors have confirmed that there had been no material change in our indebtedness since October 31, 2024 and up to the date of this prospectus.

## CAPITAL EXPENDITURES

Our capital expenditures were RMB14.3 million, RMB23.2 million, RMB27.2 million, RMB7.7 million and RMB59.7 million in 2021, 2022 and 2023 and the six months ended June 30, 2023 and 2024, respectively. The following table sets forth our capital expenditures for the years/periods indicated:

| | Year ended December 31, | | | Six months ended June 30, | |
|---|---|---|---|---|---|
| | **2021** | **2022** | **2023** | **2023** | **2024** |
| | *(RMB in thousands)* | | | | |
| | | | | *(unaudited)* | |
| Purchase of property, plant and equipment | 11,942 | 17,151 | 24,540 | 6,832 | 11,145 |
| Purchase of Intangible assets | 2,350 | 6,098 | 2,648 | 824 | 6,518 |
| Purchase of land use rights | – | – | – | – | 42,017 |
| **Total** | **14,292** | **23,249** | **27,188** | **7,656** | **59,680** |

During the Track Record Period, our capital expenditures were primarily in relation to acquisition of land use rights for our production bases, construction of our manufacturing facilities, as well as purchases of R&D and office equipment. See "Business—Our Strategies—Continuously Enhancing Intelligent Production Capability to Accelerate Commercialization" and "Business—Our Production" for details on our expansion plans. We expect to finance our capital expenditures through existing cash on hand, bank loans and the net proceeds from the Global Offering. We may adjust our capital expenditures for any given year according to our development plans or in light of market conditions and other factors we believe to be appropriate.

## CAPITAL COMMITMENTS

Our capital commitments as of December 31, 2021, 2022 and 2023 and June 30, 2024 were primarily related to property, plant and equipment. See Note 39 to the Accountant's Report in Appendix I to this prospectus. The following table sets forth our capital commitments as of the dates indicated:

| | As of December 31, | | | As of June 30, |
|---|---|---|---|---|
| | 2021 | 2022 | 2023 | 2024 |
| | *(RMB in thousands)* | | | |
| Contracted but not provided for: | | | | |
| Property, plant and equipment | – | 67 | 9,416 | 4,606 |
| Intangible assets | – | – | 1,000 | 1,008 |
| **Total** | **–** | **67** | **10,416** | **5,614** |

## FINANCIAL RISK MANAGEMENT

Our activities expose us to a variety of financial risks: market risk (including foreign exchange risk, cash flow and fair value interest rate risk and price risk), credit risk and liquidity risk. Our risk management is predominantly controlled by the treasury department under policies approved by the Board. Our treasury department identifies, evaluates and hedges financial risks in close cooperation with our operating units. The Board provides written principles for overall risk management, as well as policies covering specific areas, such as foreign exchange risk, interest rate risk, credit risk, use of derivative financial instruments and non-derivative financial instruments and investment of excess liquidity. For details, see Note 3 to the Accountant's Report included in Appendix I to this prospectus.

### Market Risk

#### *Foreign Exchange Risk*

Foreign exchange risk arises from future commercial transactions and recognized assets and liabilities denominated in a currency that is not the functional currency of the relevant group entity. Our Company and its primary subsidiaries were incorporated in the PRC and considered Renminbi as their functional currency.

We are primarily exposed to changes in RMB/USD exchange rates. As of December 31, 2021, 2022 and 2023 and June 30, 2024, if US dollar strengthened/weakened by 10% against Renminbi, with all other variables held constant, the gain or loss before income tax for the year/period then ended would have been RMB72,000, RMB(356,000), RMB(513,000) and RMB(914,000) lower/higher respectively as a result of foreign exchange gains/losses on translation of USD denominated cash and cash equivalents.

***Cash Flow and Fair Value Interest Rate Risk***

Except for cash and cash equivalents and restricted cash, we have no significant interest-bearing assets. Our income and operating cash flows are substantially independent of changes in market interest rates.

Our interest-rate risk mainly arises from borrowings. Borrowings obtained at variable rates expose us to cash flow interest-rate risk. Borrowings obtained at fixed rates expose us to fair value interest-rate risk. The interest rates and terms of repayments of borrowings are disclosed in Note 31 to the Accountant's Report included in Appendix I to this prospectus. We did not use any interest rate swap contracts or other financial instruments to hedge against its interest rate risk for the Track Record Period.

As of December 31, 2021, 2022 and 2023 and June 30, 2024, if our interest rates on borrowings obtained at variable rates had been 100 basis points higher/lower, the loss before income tax for the year/period then ended would have been approximately RMB39,000, RMB49,000, RMB168,000 and RMB114,000 higher/lower, respectively.

***Price Risk***

We are exposed to price risk in respect of financial assets at FVPL, which mainly include investments in structured deposits and wealth management products. We are not exposed to commodity price risk. See Note 3.3 to the Accountant's Report included in Appendix I to this prospectus.

**Credit Risk**

Credit risk arises from cash and cash equivalents, restricted cash, trade and notes receivables, other receivables, financial assets at FVOCI and other non-current assets. The carrying amount of each class of the above financial assets represents our maximum exposure to credit risk in relation to the corresponding class of financial assets.

***Risk Management***

To manage this risk, cash and cash equivalents and restricted cash are mainly placed with state-owned or reputable financial institutions in Mainland China which are all high-credit-quality financial institutions.

To manage risk arising from trade and notes receivables and financial assets at FVOCI, we have policies in place to ensure that credit terms are made to counterparties with an appropriate credit history and management performs ongoing credit evaluations of the counterparties. Trade and notes receivables have been grouped based on shared credit risk characteristics and aging to measure the expected credit losses. Trade and notes receivables are written off when there is no reasonable expectation of recovery. Impairment losses on trade and notes receivables are presented as net impairment losses within operating profit. Subsequent recoveries of amounts previously written off are credited against the same line item.

For other receivables, management makes periodic collective assessments as well as individual assessment on the recoverability of other receivables based on historical settlement records, past experiences and forward-looking information.

***Impairment of Financial Assets***

*Cash and Cash Equivalents and Restricted Cash*

To manage risk arising from cash and cash equivalents and restricted cash, we only transact with state-owned or reputable financial institutions in Mainland China. There has been no recent history of default in relation to these financial institutions. These instruments are considered to have low credit risk because they have a low risk of default and the counterparty has a strong capacity to meet its contractual cash flow obligations in the near term. Cash and cash equivalents and restricted cash are also subject to the impairment requirements of IFRS 9, while the identified credit loss was immaterial.

*Trade Receivables, Notes Receivables and Financial Assets at FVOCI*

We apply the IFRS 9 simplified approach to measure expected credit losses which uses a lifetime expected loss allowance for all trade and notes receivables. To measure the expected credit losses, trade and notes receivables have been grouped based on shared credit risk characteristics and aging.

The expected loss rates are based on the credit rating of counter parties and the payment profiles of sales and probability of default of counter parties on an ongoing basis throughout each Track Record Period. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables. Our Group has identified the GDP to be the most relevant factor, and accordingly adjusts the historical loss rates based on expected changes in these factors.

Individually impaired trade receivables are related to customers who are experiencing unexpected economic difficulties. We expect that the amounts of the receivables will partially or entirely have difficulty to be recovered and has recognized impairment losses.

*Other Receivables*

Other receivables that are not credit-impaired on initial recognition are classified in stage 1 and the expected credit losses are measured as 12-month expected credit losses. If a significant increase in credit risk of other receivable has occurred since initial recognition, the financial asset is moved to "stage 2" but is not yet deemed to be credit impaired. The expected credit losses are measured as lifetime expected credit loss. If any financial asset is credit-impaired, it is then moved to "stage 3" and the expected credit loss is measured as lifetime expected credit loss.

Our management considers the probability of default upon initial recognition of asset and whether there has been significant increase in credit risk on an ongoing basis during the Track Record Period. To assess whether there is a significant increase in credit risk, our Group compares risk of a default occurring on the assets as of the reporting date with the risk of default as of the date of initial recognition. Especially the following indicators are incorporated:

- Transfer between stage 1, stage 2 or stage 3 due to other receivables experiencing significant increases (or decreases) of credit risk in the period, and the subsequent "step up" (or "step down") between 12-month and lifetime ECL;

- Additional allowances for new financial instruments recognized, as well as releases for other receivables derecognized in the period; and

- Other receivables derecognized and write-offs of allowance related to assets that were written off during the year.

*Other Non-current Assets*

Our other non-current assets include long-term receivables, which are sales proceeds collected over a three-year period. We choose to apply the simplified approach (that is, to measure the loss allowance at an amount equal to lifetime ECL at initial recognition and throughout its life) for long-term receivables which contain a significant financing component.

See Note 3.1(b) to the Accountant's Report included in Appendix I to this prospectus.

**Liquidity Risk**

Prudent liquidity risk management implies maintaining sufficient cash and cash equivalents. Due to the dynamic nature of the dynamic nature of the underlying businesses, our policy is to regularly monitor our liquidity risk and to maintain adequate cash and cash equivalents to meet our liquidity requirements.

The table below analyses our financial liabilities into relevant maturity groupings based on their contractual maturities. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

| | Less than 1 year | Between 1 and 2 years | Between 2 and 5 years | Total |
|---|---|---|---|---|
| | | *(RMB in thousands)* | | |
| **As of December 31, 2021** | | | | |
| Borrowings (including interest payables) | 27,941 | – | – | 27,941 |
| Trade payables and notes payables | 32,186 | – | – | 32,186 |
| Other payables and accruals (excluding salaries and welfare payables, VAT and other taxes payables and warranty provision) | 214,123 | – | – | 214,123 |
| Lease liabilities | 9,520 | 5,042 | 1,710 | 16,272 |
| **Total** | **283,770** | **5,042** | **1,710** | **290,522** |

| | Less than 1 year | Between 1 and 2 years | Between 2 and 5 years | Total |
|---|---|---|---|---|
| | | *(RMB in thousands)* | | |
| **As of December 31, 2022** | | | | |
| Borrowings (including interest payables) | 56,595 | – | – | 56,595 |
| Trade payables and notes payable | 111,196 | – | – | 111,196 |
| Other payables and accruals (excluding salaries and welfare payables, VAT and other taxes payables and warranty provision) | 13,819 | – | – | 13,819 |
| Lease liabilities | 8,463 | 4,345 | 2,063 | 14,871 |
| **Total** | **190,073** | **4,345** | **2,063** | **196,481** |

| | Less than 1 year | Between 1 and 2 years | Between 2 and 5 years | Total |
|---|---|---|---|---|
| | | (RMB in thousands) | | |
| **As of December 31, 2023** | | | | |
| Borrowings (including interest payables) | 78,545 | 19,118 | – | 97,663 |
| Trade payables and notes payables | 130,098 | – | – | 130,098 |
| Other payables and accruals (excluding salaries and welfare payables, VAT and other taxes payables and warranty provision) | 16,565 | – | – | 16,565 |
| Lease liabilities | 16,485 | 14,831 | 4,915 | 36,231 |
| **Total** | **241,693** | **33,949** | **4,915** | **280,557** |

| | Less than 1 year | Between 1 and 2 years | Between 2 and 5 years | Total |
|---|---|---|---|---|
| | | (RMB in thousands) | | |
| **As of June 30, 2024** | | | | |
| Borrowings (including interest payables) | 138,983 | 47,460 | – | 186,443 |
| Trade payables and notes payables | 149,505 | – | – | 149,505 |
| Other payables and accruals (excluding salaries and welfare payables, VAT and other taxes payables and warranty provision) | 26,430 | – | – | 26,430 |
| Lease liabilities | 16,742 | 11,960 | 552 | 29,254 |
| **Total** | **331,660** | **59,420** | **552** | **391,632** |

## OFF-BALANCE SHEET ARRANGEMENTS

As of the Latest Practicable Date, we did not have any outstanding off-balance sheet arrangements.

## RELATED PARTY TRANSACTIONS

During the Track Record Period, we entered into a number of related party transactions, pursuant to which: (i) we sold services and goods to certain related parties, (ii) we accepted guarantees from certain related parties for our borrowings, and (iii) we paid compensation to key management personnel who are related parties of our Company, among other things. Substantially all of our balances with related parties were trade in nature during the Track Record Period. We expect that the balances with related parties that were non-trade in nature will be settled before the proposed Listing.

See Note 37 to Accountant's Report in Appendix I to this prospectus. Our Directors believe that these transactions were conducted on normal commercial terms and on an arm's length basis in the ordinary and usual course of business, and did not distort our results of operations or make our historical results not reflective of our future performance.

## DIVIDEND

We did not declare or pay dividends on our Shares during and after the Track Record Period. We currently expect to retain all future earnings for use in operation and expansion of our business, and do not anticipate paying cash dividends in the foreseeable future. The declaration and payment of any dividends in the future will be determined by our Board and subject to our Articles of Association and the PRC Company Law, and will depend on a number of factors, including our earnings and financial condition, operating requirements, capital requirements and any other conditions that our Directors may deem relevant. As confirmed by our PRC Legal Advisor, any future net profit that we make will have to be applied to make up for our historically accumulated losses in accordance with the PRC laws, after which we will be obliged to allocate 10% of our profit to our statutory common reserve fund until such fund has reached more than 50% of our registered capital. We will therefore only be able to declare dividends after (i) all our historically accumulated losses have been made up for, and (ii) we have allocated sufficient profit to our statutory common reserve fund as described above. In addition, according to our dividend policy, any distribution of dividends shall be subject to (i) our remaining after-tax profit after making up losses and allocation of common reserve fund being positive, and our belief that our cash flow is adequate and such distribution would not affect our business sustainability, (ii) our auditors issuing a standard unqualified audit report for the year of the distribution, and (iii) the absence of major investment plans or significant capital expenditures (except for investment projects with raised funds) in the next 12 months. Currently, our Company does not have any pre-determined dividend distribution ratio.

## DISTRIBUTABLE RESERVES

As of June 30, 2024, we did not have any distributable reserves.

## UNAUDITED PRO FORMA ADJUSTED CONSOLIDATED NET TANGIBLE ASSETS

See Unaudited Pro Forma Financial Information in Appendix II to this prospectus for details.

## LISTING EXPENSES

Listing expenses represent professional fees, underwriting commission and other fees incurred in connection with the Global Offering. Listing expenses to be borne by us are estimated to be approximately RMB58.7 million (HK$63.0 million), comprising: (i) underwriting fees of RMB25.8 million (HK$27.7 million); and (ii) non-underwriting-related expenses of RMB32.9 million (HK$35.3 million), which are further categorized into: (a) fees and expenses of legal advisors and accountants of RMB20.3 million (HK$21.8 million); and (b) other fees and expenses of RMB12.6 million (HK$13.5 million), assuming the Over-allotment Option is not exercised and based on the Offer Price of HK$18.60 per Offer Share (being the mid-point of the Offer Price range), approximately RMB28.1 million (HK$30.1 million) of which was charged or is expected to be charged to our consolidated statements of profit or loss, and approximately RMB30.6 million (HK$32.9 million) of which is expected to be deducted from equity upon the completion of the Global Offering. The listing expenses are expected to represent approximately 8.6% of the gross proceeds of the Global Offering, assuming an Offer Price of HK$18.60 per Offer Share (being the mid-point of the indicative Offer Price range) and that the Over-allotment Option is not exercised. The listing expenses above are the latest practicable estimate for reference only, and the actual amount may differ from this estimate.

## NO MATERIAL ADVERSE CHANGE

After performing sufficient due diligence work that our Directors consider appropriate and after due and careful consideration, our Directors confirm that, up to the date of this prospectus, there has been no material adverse change in our financial or trading position or prospects since June 30, 2024 (being the end date of the period reported on in the Accountant's Report in Appendix I to this prospectus) and there has been no event since June 30, 2024 that would materially affect the information as set out in the Accountant's Report in Appendix I to this prospectus.

## DISCLOSURE REQUIRED UNDER THE LISTING RULES

Our Directors confirm that as of the Latest Practicable Date, there was no circumstance that would give rise to a disclosure requirement under Rules 13.13 to 13.19 of the Listing Rules.

## FUTURE PLANS

See "Business—Our Strategies" in this prospectus for a detailed description of our future plans.

## USE OF PROCEEDS

Assuming that the Over-allotment Option is not exercised, after deducting the underwriting commissions and other estimated offering expenses payable by us in connection with the Global Offering, and assuming an Offer Price of HK$18.60 per Share (being the mid-point of the indicative Offer Price range of HK$17.00 to HK$20.20), we estimate that we will receive net proceeds of approximately HK$665.9 million from the Global Offering. We intend to use the proceeds from the Global Offering for the purposes and in the amounts set forth below:

- Approximately 40% of the net proceeds, or HK$266.3 million, for enhancing our R&D capabilities as well as recruiting and retaining relevant R&D talents to (i) research artificial intelligence technologies, (ii) refine our product R&D abilities and reinforce our capabilities to commercialize innovations, and (iii) boost the scalability as well as efficiency and effectiveness of our R&D process. In particular, we plan to allocate:

  - Approximately 12% of the net proceeds, or HK$79.8 million, over the next three years, for researching artificial intelligence technologies to maintain our leading edge in technology innovation in the automotive intelligence solutions industry. In particular, we plan to focus on R&D projects on emerging technologies, such as: (i) development of our end-to-end technology to build a comprehensive intelligent driving architecture. We believe that the end-to-end technology will offer a more simplified, efficient intelligent driving architecture where the different modules are jointly optimized with a data-driven approach, thereby achieving the overarching goal of delivering a more human-like, accurate and comfortable driving experience; and (ii) improving our capabilities in designing, training and deploying the large-scale AI model for our intelligent cabin solutions. Leveraging the large-scale AI model, we aim to continually enhance the multimodal in-cabin perception capabilities to achieve a more intelligent human-vehicle interaction experience.

  - Approximately 10% of the net proceeds, or HK$66.6 million, over the next three years, for refining our product R&D abilities and reinforcing our capabilities to commercialize innovations. We intend to refine our product R&D abilities through researching new R&D tools, recruiting high quality talents with software skills and strengthening data processing abilities, among other things. Meanwhile, in light of the advancement in chip technology, we plan to research domain controller products intended for SOP based on new chips to enhance the competitiveness of our iPilot solutions.

- Approximately 18% of the net proceeds, or HK$119.9 million, over the next three years, for improving our R&D infrastructure, equipment and tools and expanding our R&D team to strengthen the scalability as well as efficiency and effectiveness of our R&D process. In particular, we plan to: (i) expand our computational capacity via purchasing or leasing data servers (the purchase price or rent of which is expected to depend on the types and features of data servers) and reinforce our data computing and storage capabilities via deploying data centers. We expect such enhancement to bolster our efforts in efficient data mining and large-scale AI model training, which are intended to further facilitate the development of the advanced functions of our solutions; (ii) expand our laboratories and testing facilities as well as upgrade laboratory equipment. We expect the enlarged facilities to accommodate more pieces of laboratory equipment and support more research projects concurrently conducted, thereby improving our overall testing efficiency. We intend to lease space with aggregate gross floor area of approximately 100 sq.m. for our hardware and calibration laboratories, subject to changes to our actual needs, for the next three years; and (iii) upgrade our hardware and software toolchains in the course of our R&D activities, to enhance the quality and efficiency of our R&D process.

To support the foregoing use of proceeds, we expect to hire around 100 R&D talents over the next three years. These R&D talents are expected to focus on algorithms, software and hardware and project management and operational maintenance, among other things. These talents are also expected to have expertise in such relevant areas and years of experience in the automotive intelligence solutions industry.

- Approximately 30% of the net proceeds, or HK$199.8 million, over the next three years, for increasing our production efficiency and solution competitiveness. In particular, we plan to: (i) switch certain production processes that are currently done by external parties to in-house production, thereby providing us with more control over the overall product workstream and the quality of production outcomes; (ii) introduce advanced automated production equipment and systems to further enhance the intelligence of our production lines, thereby improving our operational and production efficiency; and (iii) vertically integrate certain parts of our supply chain which we believe are more beneficial to manufacture in-house than through procurement from external parties.

We plan to allocate approximately HK$108.0 million to switch certain production processes and enhance the production lines. As to switching certain production processes that are currently done by external parties to in-house production, we intend to purchase relevant production equipment and recruit relevant manufacturing personnel to establish SMT lines at our Guangzhou Production Base. We also plan to establish DIP lines, automated assembly lines and intelligent packaging lines in our Guangzhou Production Base to enhance the intelligence of our production lines. By establishing in-house SMT lines and DIP lines, we expect to reduce our cost of sales and thus increase our gross profit margin. By establishing in-house automated assembly lines and intelligent packaging lines, we expect to reduce the transportation and packaging costs and production cycle while safeguarding the quality of our products. We also expect automated production lines to reduce our labor costs, increase our production efficiency and improve our inventory turnover.

We plan to allocate approximately HK$91.8 million for the vertical integration of certain parts of our supply chain which we believe are more beneficial to manufacture in-house than through procurement from external parties. We plan to develop in-house advanced sensors leveraging our strong perception technology and establish an automated sensor production line. We plan to establish production lines to manufacture advanced sensors through purchasing relevant production equipment and recruiting relevant manufacturing personnel. By developing and manufacturing advanced sensors in-house, we expect to have a stable supply of sensors with guaranteed quality while reducing our production cycle and improving our production efficiency. We believe the in-house sensor manufacturing capabilities will be beneficial for us to capture market demands of integrated intelligent driving solutions that consist of both domain controllers and sensors.

For details, see "Business—Our Strategies—Continuously Enhancing Intelligent Production Capability to Accelerate Commercialization" and "Business—Our Production."

- Approximately 20% of the net proceeds, or HK$133.2 million, over the next three years, for reinforcing our sales and marketing capabilities. In particular, we plan to expand our sales network in China to deepen our relationships with existing customers and diversify our customer base. Meanwhile, we also intend to establish sales network in overseas markets such as Europe and Southeast Asia to extend our geographic footprint beyond the PRC market. Moreover, we plan to enhance the effectiveness of our overall sales and marketing activities through recruiting experienced sales and marketing personnel in both the PRC and overseas markets to facilitate our business collaborations with automotive OEMs and tier-one suppliers in China and overseas.

We intend to utilize the net proceeds to reinforce our sales and marketing capabilities over the next three years. In particular, we plan to establish offices in Shanghai, Singapore and Munich to address the PRC, Southeast Asian and European markets respectively. We plan to allocate approximately HK$67.8 million for recruiting a total of around 30 sales and marketing personnel and leasing office space with aggregate gross floor area of approximately 2,000 sq.m., among other things, for these new offices. Moreover, we plan to allocate approximately HK$65.4 million for carrying out a variety of public relations activities, such as attending exhibitions and trade fairs, sponsoring or presenting at industry conferences, hosting product launch events, as well as conducting marketing activities through advertising campaigns and cooperation with media, corporations and academic institutions.

According to CIC, the total addressable market in Southeast Asia for intelligent driving solutions and IMS solutions is expected to reach RMB151.4 billion and RMB4.7 billion, respectively, by 2028. Meanwhile, in Europe, the overall penetration rate of intelligent driving solutions is expected to increase from 75.4% in 2023 to 96.0% in 2028, and the average price of intelligent driving solutions per vehicle is also expected to continue to increase from RMB5,461.6 in 2023 to RMB7,490.4 in 2028, driving the overall intelligent driving solution market to grow from RMB70.0 billion in 2023 to RMB137.3 billion in 2028, at a CAGR of 13.0% from 2024 to 2028. The market size for IMS solutions in Europe is expected to grow from RMB2.2 billion in 2023 to RMB16.2 billion in 2028, at a CAGR of 40.2% from 2024 to 2028. To establish sales network in Southeast Asia and Europe to capture such market potential, we plan to establish an office in Munich and an office in Singapore. We plan to hire approximately ten employees, including a regional sales leader, sales managers, administrative staff, pre-sale and post-sale supporting staff and a field application engineer, for each office. We plan to set up a showroom with approximately five demonstration cars of our intelligent driving solutions and intelligent cabin solutions on display, in each office. In addition, we plan to attend international exhibitions and trade fairs, present at global industry conferences and launch advertisements in oversea markets. Given the increasing market demand, our rich global customer base and our solid track record in overseas expansion, we believe that we are well-positioned to expand into Southeast Asia and Europe. See "Business—Our Strengths—Top-Tier Customer Base and Proven Track Record with a Solid Foundation for Overseas Expansion" for details. According to CIC, it is not uncommon for intelligent driving and cabin solutions provider to expand into such overseas markets.

- Approximately 10% of the net proceeds or HK$66.6 million, for working capital and general corporate purposes.

In the event that the Offer Price is set at the maximum Offer Price or the minimum Offer Price of the indicative Offer Price range, the net proceeds of the Global Offering will increase or decrease by approximately HK$60.3 million.

The additional net proceeds that we would receive if the Over-allotment Option were exercised in full would be: (i) HK$114.2 million (assuming an Offer Price of HK$20.20 per Share, being the maximum Offer Price of the indicative Offer Price range); (ii) HK$105.2 million (assuming an Offer Price of HK$18.60 per Share, being the mid-point of the indicative Offer Price range); and (iii) HK$96.1 million (assuming an Offer Price of HK$17.00 per Share, being the minimum Offer Price of the indicative Offer Price range).

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.

To the extent that the net proceeds of the Global Offering are not immediately used for the above purposes, we will only deposit such funds 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 applicable laws and regulations in other jurisdictions). In such event, we will comply with the appropriate disclosure requirements under the Listing Rules. We will issue an appropriate announcement if there is any material change to the above proposed use of proceeds in accordance with the Listing Rules.

## HONG KONG UNDERWRITERS

CLSA Limited
China International Capital Corporation Hong Kong Securities Limited
SBI China Capital Financial Services Limited
SDICS International Securities (Hong Kong) Limited
Long Bridge HK Limited
ABCI Securities Company Limited
BOCI Asia Limited
CMBC Securities Company Limited
Fosun International Securities Limited
Futu Securities International (Hong Kong) Limited
Patrons Securities Limited
Phillip Securities (Hong Kong) Limited
Shenwan Hongyuan Securities (H.K.) Limited
SPDB International Capital Limited
Tiger Brokers (HK) Global Limited
TradeGo Markets Limited

## UNDERWRITING ARRANGEMENTS AND EXPENSES

### Hong Kong Public Offering

***Hong Kong Underwriting Agreement***

Pursuant to the Hong Kong Underwriting Agreement, our Company is offering 3,919,000 Hong Kong Offer Shares (subject to reallocation) for subscription by the public in Hong Kong on, and subject to, the terms and conditions set out in this prospectus.

Subject to:

(a) the Stock Exchange granting the listing of, and permission to deal in, the H Shares to be issued pursuant to the Global Offering (including any additional H Shares which may be issued pursuant to the exercise of the Over-allotment Option) as mentioned in this prospectus and such listing and permission not subsequently being revoked; and

(b) certain other conditions set out in the Hong Kong Underwriting Agreement (including but not limited to the Offer Price being agreed upon between us and the Overall Coordinators (for themselves and on behalf of the Underwriters and the Capital Market Intermediaries)), the Hong Kong Underwriters have agreed severally, and not jointly, to subscribe for, or procure subscribers for, the Hong Kong Offer Shares which are being offered but are not taken up under the Hong Kong Public Offering, on the terms and conditions set out in this prospectus and the Hong Kong Underwriting Agreement. If, for any reason, the Offer Price is not agreed between us and the Overall Coordinators (for themselves and on behalf of the Hong Kong Underwriters and the Capital Market Intermediaries), the Global Offering will not proceed and will lapse.

The Hong Kong Underwriting Agreement is conditional upon and subject to the International Underwriting Agreement having been signed and becoming unconditional and not having been terminated.

***Grounds for termination***

The obligations of the Hong Kong Underwriters to subscribe or procure subscribers for the Hong Kong Offer Shares will be subject to termination by notice in writing to our Company from the Joint Sponsors and CLSA Limited and China International Capital Corporation Hong Kong Securities Limited (the "**Joint Representatives**") (for themselves and as representatives of the Hong Kong Underwriters) with immediate effect if any of the following events occur at or prior to 8:00 a.m. on the Listing Date:

(a) there has come to the notice of the Joint Sponsors and/or the Joint Representatives:

(i) any statement contained in any of this prospectus and/or any notices, announcements, advertisements, communications or other documents (including any announcement, circular document or other communication pursuant to the Hong Kong Underwriting Agreement) issued or used by or on behalf of our Company in connection with the Global Offering (including any supplement or amendments thereto) (collectively, the "**Relevant Documents**"), was, when it was issued, or has become, untrue, incorrect, inaccurate or incomplete in any material respect or misleading or deceptive in any respect; or

(ii) any forecast, expression of opinion, intention or expectation expressed in any of the Relevant Documents is not, in the sole and absolute opinion of the Joint Sponsors and/or the Joint Representatives, fair and honest and based on reasonable assumptions, when taken as a whole; or

(iii) any matter has arisen or has been discovered which would or might, had it arisen or been discovered immediately before the respective dates of the publication of the Relevant Documents, constitute an omission therefrom; or

(iv) any material breach of any of the obligations imposed or to be imposed upon any party to the Hong Kong Underwriting Agreement or the International Underwriting Agreement (including any supplemental or amendment thereto, as applicable) (in each case, other than on the part of any of the Underwriters); or

(v) any event, act or omission which gives or is likely to give rise to any liability of any of our Company and the Warranting Shareholders (as defined in the Hong Kong Underwriting Agreement) (the "**Warranting Shareholders**") pursuant to the indemnities given by them under the Hong Kong Underwriting Agreement or under the International Underwriting Agreement; or

(vi) any adverse change or development involving a prospective adverse change in the assets, liabilities, general affairs, management, business prospects, shareholders' equity, profits, losses, results of operations, position or conditions (financial, trading or otherwise) or performance of any member of our Group (the "**Group Company**"); or

(vii) any material breach of any of the agreements and undertakings to be given by our Company and the Warranting Shareholders respectively in terms set out in the Hong Kong Underwriting Agreement; or

(viii) any breach of, or any event or circumstance rendering untrue or incorrect in any respect, any of the representations and warranties to be given by our Company and the Warranting Shareholders respectively in terms set out in the Hong Kong Underwriting Agreement; or

(ix) the approval by the Stock Exchange of the listing of, and permission to deal in, the H Shares in issue and to be issued pursuant to the Global Offering (including any additional Shares that may be issued upon the exercise of the Over-allotment Option) is refused or not granted, or is qualified (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 in writing; or

(x) our Company withdraws any of the Relevant Documents or the Global Offering; or

(xi) any expert (other than the Joint Sponsors) whose consent is required to the issue of this prospectus with the inclusion of its reports, letters and/or legal opinions (as the case may be) and references to its name included in the form and context in which it respectively appears, has withdrawn or sought to withdraw its consent to being named in this prospectus; or

(xii) a portion of the orders in the book-building process, which is considered by the Joint Representatives in their sole and absolute opinion to be material, at the time the International Underwriting Agreement is entered into, or the investment commitments by any cornerstone investors after signing of agreements with such cornerstone investors, have been withdrawn, terminated or canceled, and the Joint Representatives, at their sole and absolute discretion, conclude that it is therefore inadvisable or inexpedient or impracticable to proceed with the Global Offering; or

(b) there shall develop, occur, exist or come into effect:

(i) any local, national, regional, international event or circumstance, or series of events or circumstances, in the nature of force majeure and beyond the reasonable control of the Underwriters (including, without limitation, any acts of government or orders of any courts, strikes, calamity, crisis, lock-outs, other industrial actions, fire, explosion, flooding, earthquake, tsunami, volcanic eruption, civil commotion, acts of war, outbreak or escalation of hostilities (whether or not war is declared), acts of God, acts of terrorism (whether or not responsibility has been claimed), paralysis in government operations, interruptions, declaration of a local, regional, national or international emergency, riot, public disorder, economic sanctions, outbreaks or escalation of diseases, pandemics or epidemics (including, without limitation, COVID-19, Severe Acute Respiratory Syndrome, swine or avian flu, avian influenza A (H5N1), Swine Flu (H1N1), H7N9, Ebola virus, Middle East Respiratory Syndrome, coronavirus or such related or mutated forms) or interruption or delay in transportation) in or affecting any of Hong Kong, the PRC, the United States, United Kingdom, the European Union (or any member thereof) or any other jurisdictions relevant to any Group Company or the Global Offering (the "**Specific Jurisdictions**"); or

(ii) any change or development involving a prospective change, or any event or circumstance or series of events or circumstances likely to result in any change or development involving a prospective change, in any local, regional, national, international, financial, economic, political, military, industrial, fiscal, legal 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 Specific Jurisdictions; or

(iii) any moratorium, suspension or restriction on trading in securities generally (including, without limitation, any imposition of or requirement for any minimum or maximum price limit or price range) on the Stock Exchange, the New York Stock Exchange, the London Stock Exchange, the NASDAQ Global Market, the Shanghai Stock Exchange and the Shenzhen Stock Exchange; or

(iv) any new national, central, federal, provincial, state, regional, municipal, local, domestic or foreign laws (including, without limitation, any common law or case law), statutes, ordinances, legal codes, regulations or rules (including, without limitation, any and all regulations, rules, orders, judgments, decrees, rulings, opinions, guidelines, measures, notices or circulars (in each case, whether formally published or not and to the extent mandatory or, if not complied with, the basis for legal, administrative, regulatory or judicial consequences) any administrative, governmental or regulatory commission, board, body, authority or agency, or any stock exchange, self-regulatory organisation or other non-governmental regulatory authority, or any court, tribunal or arbitrator, in each case whether national, central, federal, provincial, state, regional, municipal, local, domestic, foreign or supranational (including without limitation the CSRC, the Stock Exchange and the SFC) (the "**Authority**") ("**Laws**"), or any change or development involving a prospective change in existing Laws, or any event or circumstance or series of events or circumstances likely to result in any change or development involving a prospective change in the interpretation or application of existing Laws by any court or other competent authority, in each case, in or affecting any of the Specific Jurisdictions; or

(v) any general moratorium on commercial banking activities, or any disruption in commercial banking activities, foreign exchange trading or securities settlement or clearance services or procedures or matters, in or affecting any of the Specific Jurisdictions; or

(vi) the imposition of economic sanctions or export control, in whatever form, on any Group Company or any of the Warranting Shareholders, or the withdrawal of trading privileges which existed on the date of the Hong Kong Underwriting Agreement, in whatever form, directly or indirectly, by or for any of the Specific Jurisdictions; or

(vii) a change or development involving a prospective change or amendment in or affecting taxation or exchange control (or the implementation of any exchange control), currency exchange rates or foreign investment Laws (including, without limitation, any change in the system under which the value of the Hong Kong currency is linked to that of the currency of the United States or a fluctuation in the exchange rate of the Hong Kong dollar or the Renminbi against any foreign currency) in or affecting any of the Specific Jurisdictions or affecting an investment in the H Shares; or

(viii) any change or development involving a prospective change in, or a materialization of, any of the risks set out in the section headed "Risk Factors" in this prospectus; or

(ix) any litigation or claim of any third party being threatened or instigated against any Group Company or any of our Company and the Warranting Shareholders; or

(x) any of the Directors, Supervisors and senior management member of our Company as set out in the "Directors, Supervisors and Senior Management" section of this prospectus being charged with an indictable offense or prohibited by operation of Law or otherwise disqualified from taking part in the management of a company; or

(xi) the chairman or general manager of our Company vacating his office; or

(xii) the commencement by any Authority of any action against a Director in his or her capacity as such or an announcement by any Authority that it intends to take any such action; or

(xiii) a contravention by any Group Company or any Director of the Listing Rules, the Companies Ordinance or any other Laws applicable to the Global Offering; or

(xiv) a prohibition on our Company for whatever reason from allotting, issuing or selling the Offer Shares and/or the Offer Shares to be issued pursuant to the exercise of the Over-allotment Option pursuant to the terms of the Global Offering; or

(xv) non-compliance of this prospectus, any letters, filings, correspondences, communications, documents, responses, undertakings and submissions in any form, including any amendments, supplements and/or modifications thereof, made or to be made to the CSRC, relating to or in connection with the Global Offering pursuant to the Trial Administrative Measures of Overseas Securities Offering and Listing by Domestic Companies (境內企業境外發行證券和上市管理試行辦法) (the "**CSRC Filing Rules**", together with the Provisions on Strengthening Confidentiality and Archives Administration of Overseas Securities Offering and Listing by Domestic Companies (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 "**CSRC Rules**") and other applicable rules and requirements of the CSRC (the "**CSRC Filings**") and the other Relevant Documents or any aspect of the Global Offering with any applicable Laws (including but not limited to the Listing Rules, the Companies Ordinance, the Companies (Winding up and Miscellaneous Provisions) Ordinance and the CSRC Rules); or

(xvi) the issue or requirement to issue by our Company of a supplement or amendment to this prospectus and/or any of the other Relevant Documents pursuant to the Companies (Winding Up and Miscellaneous Provisions) Ordinance, the Listing Rules or any requirement or request of the CSRC, the Stock Exchange and/or the SFC; or

(xvii) a valid demand by any creditor for repayment or payment of any indebtedness of any Group Company or in respect of which any Group Company is liable prior to its stated maturity; or

(xviii) a petition or an order is presented for the winding-up or liquidation of any Group Company or any Group Company makes any composition or arrangement with its creditors or enters into a scheme of arrangement or any resolution is passed for the winding-up of any Group Company or the appointment of a provisional liquidator, receiver or manager is appointed to take over all or part of the assets or undertaking of any Group Company or anything analogous thereto occurs in respect of any Group Company; or

(xix) an Authority has commenced any investigation or other action, or announced an intention to investigate or take other action, against any of the Directors, Supervisors and senior management member of the Group as set out in the "Directors, Supervisors and Senior Management" section of this prospectus; or

(xx) any loss or damage has been sustained by any Group Company (howsoever caused and whether or not the subject of any insurance or claim against any person);

which in each case individually or in aggregate in the sole and absolute opinion of the Joint Sponsors and the Joint Representatives:

(a) has or will or may to have a material adverse effect on the assets, liabilities, business, general affairs, management, shareholders' equity, profits, losses, results of operation, financial, trading or other condition or position or prospects or risks of our Company or our Group or any Group Company or on any present or prospective shareholder of our Company in his, her or its capacity as such; or

(b) has or will or may have or could be expected to have a material adverse effect on the success, marketability or pricing of the Global Offering or the level of applications for or the distribution of the Offer Shares under the Hong Kong Public Offering or the level of interest under the International Placing; or

(c) makes or will make or may make it inadvisable, inexpedient or impracticable for any part of the Hong Kong Underwriting Agreement or the Global Offering to be performed or implemented or proceeded with as envisaged or to market the Global Offering or the delivery or distribution of the Offer Shares on the terms and manner contemplated by the Offering Documents (as defined in the Hong Kong Underwriting Agreement) shall otherwise result in an interruption to or delay thereof; or

(d) has or will 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 which prevents the processing of applications and/or payments pursuant to the Global Offering or pursuant to the underwriting thereof.

### Undertakings given to the Stock Exchange pursuant to the Listing Rules

***By our Company***

We have undertaken to the Stock Exchange that we shall not issue any further Shares or securities convertible into our equity securities (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 an issue or sale or transfer out of treasury within six months from the Listing Date (whether or not such issue of Shares will be completed within six months from the Listing Date), except in certain circumstances prescribed by Rule 10.08 of the Listing Rules.

***By our Single Largest Group of Shareholders***

Pursuant to Rule 10.07 of the Listing Rules and pursuant to Chapter 4.13 of the Guide for New Listing Applicants, each of our Single Largest Group of Shareholders has undertaken to us and to the Stock Exchange that except pursuant to the Global Offering (including the exercise of the Over-allotment Option), it/he shall not, without the prior written consent of the Stock Exchange or unless permitted under the Listing Rules, at any time in the period commencing on the date by reference to which disclosure of its shareholdings in our Company is made in this prospectus and ending on the date which is six months from the Listing Date, dispose of, nor enter into any agreement to dispose of or otherwise create any options, rights, interests or encumbrances in respect of, any of the Shares that it/he is shown to be the beneficial owner in this prospectus (the "**Relevant Shares**").

Note 2 to Rule 10.07(2) of the Listing Rules provides that Rule 10.07 does not prevent any member of the Single Largest Group of Shareholders from using the Shares beneficially owned by it/him as security (including a charge or pledge) in favour of an authorized institution (as defined in the Banking Ordinance (Chapter 155 of the Laws of Hong Kong) for a bona fide commercial loan.

Further, pursuant to Note 3 to Rule 10.07(2) of the Listing Rules, each of our Single Largest Group of Shareholders has further undertaken to us and the Stock Exchange that, within the period commencing on the date by reference to which disclosure of its/his shareholding in our Company is made in this prospectus and ending on the date which is six months from the Listing Date, it/he will:

(a) when it/he pledges or charges any Relevant Shares beneficially owned by it/him in favor of an authorized institution pursuant to Note (2) to Rule 10.07(2) of the Listing Rules, immediately inform us and the Stock Exchange in writing of such pledge or charge together with the number of the Shares so pledged or charged; and

(b) when it/he receives indications, either verbal or written, from the pledgee or chargee that any of our pledged or charged securities beneficially owned by it will be disposed of, immediately inform us and the Stock Exchange in writing of such indications.

We will also inform the Stock Exchange as soon as we have been informed of the matters mentioned in the paragraphs (a) and (b) above (if any) by any of the Single Largest Group of Shareholders and subject to the then requirements of the Listing Rules disclose such matters by way of an announcement in accordance with Rule 2.07C of the Listing Rules as soon as possible after so being informed.

**Undertakings given to the Hong Kong Underwriters**

***Undertakings by our Company***

Our Company has undertaken to each of the Joint Sponsors, the Overall Coordinators, the Joint Global Coordinators, the Hong Kong Underwriters and the Capital Market Intermediaries that, except for the issue, offer or sale of the Offer Shares by our Company pursuant to the Global Offering (including pursuant to any exercise of the Over-allotment Option), 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 after the Listing Date (the "**First Six-Month Period**"), we 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 and the Capital Market Intermediaries) and unless in compliance with the requirements of the Listing Rules:

(a) offer, allot, issue, sell, accept subscription for, offer to allot, contract or agree to allot, issue or sell, mortgage, charge, pledge, hypothecate, lend, grant or create 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 pledge, charge, lien, mortgage, option, restriction, right of first refusal, security interest, claim, pre-emption rights, equity interest, third party rights or interests or rights of the same nature as that of the foregoing or other encumbrances or security interest of any kind or another type of preferential arrangement (including without limitation, retention arrangement) having similar effect ("**Encumbrance**") over, or agree to transfer or dispose of or create an Encumbrance over, either directly or indirectly, conditionally or unconditionally, any legal or beneficial interest in any Shares or other securities of the Company, 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 other warrants or other rights to purchase, any Shares), or deposit any Shares or other securities of our Company, with a depositary in connection with the issue of depositary receipts; or

(b) enter into any swap or other arrangement that transfers to another, in whole or in part, any of the economic consequences of subscription or ownership (legal or beneficial) of any Shares or other securities of our Company, 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 securities of our Company); or

(c) enter into any transaction with the same economic effect as any transactions specified in (a) or (b) above; or

(d) offer to or contract to or agree to or announce any intention to effect any transaction specified in (a), (b) or (c) above,

in each case, whether any of the transactions specified in (a), (b) or (c) above is to be settled by delivery of Shares, or in cash or otherwise (whether or not the issue of such Shares or other shares or securities will be completed within the First Six-Month Period).

Our Company has further undertaken that, we will not enter into any of the transactions described in (a), (b) or (c) above or offers to or agrees to or announces any intention to effect any such transaction, such that any of the Warranting Shareholders and other Single Largest Group of Shareholders would cease to be the single largest group of shareholders of our Company during the period of six months immediately following the expiry of the First Six-Month Period expires (the "**Second Six-Month Period**"). In the event that, during the Second Six-Month Period, our Company enters into any of the transactions described in (a), (b) or (c) above or offers or agrees or contracts to, or announces, or publicly discloses, any intention to, enter into any such transactions, our Company will take all reasonable steps to ensure that we will not create a disorderly or false market in any Shares or other securities of our Company.

Our Company and the Warranting Shareholders have agreed and undertaken to each of the Joint Sponsors, the Sponsor-OC, the Overall Coordinators, the Joint Global Coordinators, the Joint Bookrunners, the Joint Lead Managers, the Capital Market Intermediaries and the Hong Kong Underwriters that it will not, and our Company and each of the Warranting Shareholders has further undertaken to procure that our Company will not, effect any purchase of H Shares, or agree to do so, which may reduce the holdings of H Shares held by the public (as defined in Rule 8.24 of the Listing Rules) below minimum public float requirements specified in the Listing Rules or any waiver granted and not revoked by the Stock Exchange, on or before the date falling one year after the Listing Date without having first obtained the prior written consent of the Joint Sponsors and Overall Coordinators (for themselves and on behalf of the Hong Kong Underwriters).

***By the Warranting Shareholders***

Each of the Warranting Shareholders has jointly and severally agreed and undertaken to each of our Company, the Joint Sponsors, the Sponsor-OC, the Overall Coordinators, the Joint Global Coordinators, the Joint Bookrunners, the Joint Lead Managers, the Hong Kong Underwriters and the Capital Market Intermediaries that, except in compliance with the requirements under Rule 10.07(3) of the Listing Rules, without the prior written consent of the Joint Sponsors and the Overall Coordinators and the (for themselves and on behalf of the Hong Kong Underwriters):

(i) at any time during the First Six-Month Period, he shall not, and shall procure that the relevant registered holder(s), any nominee or trustee holding on trust for him and the companies controlled by him (together, the "**Controlled Entities**") shall not:

(a) sell, offer to sell, contract or agree to sell, mortgage, charge, pledge, hypothecate, lend, grant or sell any option, warrant, contract or right to sell, or otherwise transfer or dispose of or create an Encumbrance over, or agree to transfer or dispose of or create an Encumbrance over, either directly or indirectly, conditionally or unconditionally, legal or beneficial interest in any Shares or other securities of our Company or any interest therein (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 securities of the Company) beneficially owned by him directly or indirectly through his Controlled Entities (the "**Relevant Securities**"), or deposit any Relevant Securities with a depositary in connection with the issue of depositary receipts; or

(b) enter into any swap or other arrangement that transfers to another, in whole or in part, any of the economic consequences of ownership of the Relevant Securities; or

(c) enter into or effect any transaction with the same economic effect as any of the transactions referred to in sub-paragraphs (a) or (b) above; or

(d) offer to or agree to or announce any intention to enter into or effect any of the transactions referred to in sub-paragraphs (a), (b) or (c) above,

in each case, whether any of the foregoing transactions referred to in sub-paragraphs (a), (b) or (c) is to be settled by delivery of such Shares or any other securities of our Company or in cash or otherwise (whether or not the issue of such Shares or other securities will be completed within the First Six-Month Period);

(ii) at any time during the Second Six-Month Period, he will not, and will procure that the Controlled Entities will not, enter into any of the transactions described in (i)(a), (b) or (c) above or offer to, or agree or announce any intention to enter into any such transaction, if, immediately following any sale, transfer or disposal or upon the exercise or enforcement of any option, right, interest or Encumbrance pursuant to such transaction, he will, together with the Warranting Shareholders and other Single Largest Group of Shareholders, cease to be the single largest group of shareholders of the Company;

(iii) in the event that he enters into any of the transactions specified in (i)(a), (b) or (c) above or offer to or agrees to or announce any intention to effect any such transaction within the Second Six-Month Period, he shall take all reasonable steps to ensure that he will not create a disorderly or false market for any Shares or other securities of our Company;

(iv) he shall, and shall procure that the relevant registered holder(s) and other Controlled Entities shall, comply with all the restrictions and requirements under the Listing Rules on the sale, transfer or disposal by him or by the registered holder(s) and/or other Controlled Entities of any Shares or other securities of the Company.

Each of the Warranting Shareholders has further undertaken to each of our Company, the Joint Sponsors, the Sponsor-OC, the Overall Coordinators, the Joint Global Coordinators, the Joint Bookrunners, the Joint Lead Managers, the Capital Market Intermediaries and the Hong Kong Underwriters that, within the period from the date by reference to which disclosure of their shareholding in our Company is made in this prospectus and ending on the date which is twelve months from the Listing Date, he will:

(i) when he pledges or charges any securities or interests in the Relevant Securities in favor of an authorized institution pursuant to Note 2 to Rule 10.07(2) of the Listing Rules, immediately inform our Company, the Joint Sponsors, the Overall Coordinators and the Joint Global Coordinators in writing of such pledges or charges together with the number of securities and nature of interest so pledged or charged; and

(ii) when he receives indications, either verbal or written, from any pledgee or chargee that any of the pledged or charged securities or interests in the securities of our Company will be sold, transferred or disposed of, immediately inform our Company, the Joint Sponsors, the Overall Coordinators and the Joint Global Coordinators in writing of such indications.

**Underwriters' interests in our Group**

Save for their respective obligations under the Hong Kong Underwriting Agreement and the International Underwriting Agreement or as otherwise disclosed in this prospectus, as of the Latest Practicable Date, none of the Underwriters was interested directly or indirectly in any of our Shares or securities or any shares or securities of any other member of our Group or had any right or option (whether legally enforceable or not) to subscribe for, or to nominate persons to subscribe for, any of our Shares or securities or any shares or securities of any other member of our Group.

Following the completion of the Global Offering, the Underwriters and their affiliated companies may hold a certain portion of our Shares as a result of fulfilling their respective obligations under the Hong Kong Underwriting Agreement and International Underwriting Agreement.

**The Joint Sponsors' Independence**

As members of the sponsor group (as defined in the Listing Rules) of China International Capital Corporation Hong Kong Securities Limited collectively held or will hold, directly or indirectly, more than 5% of the number of issued shares of our Company as of the Latest Practicable Date and up to the Listing Date, China International Capital Corporation Hong Kong Securities Limited does not satisfy the independence criteria applicable to sponsor set out in Rule 3A.07 of the Listing Rules. For details relating to the interests of China International Capital Corporation Hong Kong Securities Limited in our Company, see "Substantial Shareholders" section in this prospectus.

CITIC Securities (Hong Kong) Limited satisfies the independence criteria applicable to sponsor set out in Rule 3A.07 of the Listing Rules.

**The International Placing**

***International Placing***

In connection with the International Placing, we expect to enter into the International Underwriting Agreement on the Price Determination Date with, among others, the International Underwriters. Under the International Underwriting Agreement, the International Underwriters would, subject to certain conditions, severally and not jointly, agree to purchase the International Placing Shares or procure purchasers for the International Placing Shares initially being offered pursuant to the International Placing. See "Structure of the Global Offering — The International Placing" in this prospectus.

Under the International Underwriting Agreement, we intend to grant to the International Underwriters the Over-allotment Option, exercisable in whole or in part at one or more times, at the sole and absolute discretion of the Overall Coordinators on behalf of the International Underwriters from the Listing Date until 30 days from the last day for the lodging of applications under the Hong Kong Public Offering to require us to issue and allot up to an aggregate of 5,878,400 additional H Shares, representing 15% of the Offer Shares initially available under the Global Offering and at the Offer Price, to cover, among other things, any over-allocations in the International Placing, if any.

**Commission and Expenses**

The Underwriters will receive an underwriting commission of 2.0% of the aggregate Offer Price of the Offer Shares (including any Offer Shares to be issued pursuant to the exercise of the Over-allotment Option) ("**Fixed Fees**"). In addition, we may, at our discretion, pay to the Capital Market Intermediaries (including the Overall Coordinators) an additional incentive fee of up to 1.8% of the aggregate Offer Price of the Offer Shares (including any Offer Shares to be issued pursuant to the exercise of the Over-allotment Option) ("**Discretionary Fees**"). Assuming the Discretionary Fees are paid in full, the ratio of the Fixed Fees and the Discretionary Fees is therefore approximately 52.6:47.4.

Assuming the Over-allotment Option is not exercised and based on an Offer Price of HK$18.60 (being the mid-point of the stated range of the Offer Price between HK$17.00 and HK$20.20), the aggregate commissions and estimated expenses, together with the Stock Exchange listing fee, SFC transaction levy, AFRC transaction levy, Stock Exchange trading fee, legal and other professional fees, printing and other fees and expenses relating to the Global Offering, are estimated to amount to approximately HK$63.0 million in total.

**Indemnity**

Our Company and each of the Warranting Shareholders has undertaken to indemnify, defend, hold harmless and keep fully indemnified (on an after-tax basis), on demand, each of the Overall Coordinators, the Joint Global Coordinators, the Joint Sponsors, the Hong Kong Underwriters and the Capital Market Intermediaries from and against certain losses which they may suffer, including losses arising from their performance of their obligations under the Hong Kong Underwriting Agreement and any breach by us or any of the Warranting Shareholders of the Hong Kong Underwriting Agreement.

**Restrictions on the Offer Shares**

No action has been taken to permit a public offering of the Offer Shares, 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.

## ACTIVITIES BY SYNDICATE MEMBERS

The underwriters of the Hong Kong Public Offering and the International Placing (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 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 our Group's loans and other debt.

In relation to the H Shares, the activities of the Syndicate Members and their affiliates could include acting as agent for buyers and sellers of the H Shares, entering into transactions with those buyers and sellers in a principal capacity, including as a lender to initial purchasers of the H Shares (which financing may be secured by the H Shares) in the Global Offering, proprietary trading in the H Shares, and entering into over the counter or listed derivative transactions or listed or unlisted securities transactions (including issuing securities such as derivative warrants listed on a stock exchange) which have as their underlying assets, assets including the H Shares. Such transactions may be carried out as bilateral agreements or trades with selected counterparties. Those activities may require hedging activity by those entities involving, directly or indirectly, the buying and selling of the H Shares, which may have a negative impact on the trading price of the H Shares. All such activities 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 H Shares, in baskets of securities or indices including the H Shares, in units of funds that may purchase the H Shares, or in derivatives related to any of the foregoing.

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 relevant 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.

All such activities may occur both during and after the end of the stabilizing period described in the section headed "Structure of the Global Offering" in this Prospectus. 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 (other than the Stabilizing Manager or any person acting for it) 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.

## 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:

- the Hong Kong Public Offering of initially 3,919,000 Offer Shares (subject to reallocation as mentioned below) in Hong Kong as described below in "— The Hong Kong Public Offering"; and

- the International Placing of initially 35,271,000 Offer Shares (subject to reallocation and the Over-allotment Option as described below) outside the United States (including to professional, institutional and corporate investors and other investors anticipated to have a sizeable demand for the Offer Shares in Hong Kong) in offshore transactions in reliance on Regulation S.

Investors may either:

- apply for the Hong Kong Offer Shares under the Hong Kong Public Offering; or

- apply for or indicate an interest for the International Placing Shares under the International Placing,

but may not do both.

The 39,190,000 Offer Shares in the Global Offering will represent approximately 9.8% of our enlarged share capital immediately after the completion of the Global Offering, without taking into account the exercise of the Over-allotment Option. If the Over-allotment Option is exercised in full, the Offer Shares will represent approximately 11.1% of our enlarged share capital immediately following the completion of the Global Offering.

References to applications, application monies or procedure for applications relate solely to the Public Offering.

## THE HONG KONG PUBLIC OFFERING

### Number of Offer Shares initially offered

We are initially offering for subscription by the public in Hong Kong 3,919,000 Offer Shares, representing 10% of the total number of Offer Shares initially available under the Global Offering. Subject to the reallocation of Offer Shares between the International Placing and the Hong Kong Public Offering, the number of Offer Shares offered under the Hong Kong Public Offering will represent approximately 1.0% of our enlarged issued share capital immediately after completion of the Global Offering, assuming the Over-allotment Option is not exercised.

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, companies (including fund managers) whose ordinary business involves dealing in shares and other securities and corporate entities that regularly invest in shares and other securities.

Completion of the Hong Kong Public Offering is subject to the conditions as set forth below in "— Conditions of the Global Offering."

**Allocation**

Allocation of Hong Kong Offer Shares to investors under the Hong Kong Public Offering will be based 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. We may, if necessary, allocate the Hong Kong Offer Shares on the basis of balloting, which would mean that some applicants may receive a higher allocation than others who have applied for the same number of 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 Offer Shares available under the Hong Kong Public Offering is to be divided equally into two pools, Pool A and Pool B with any odd board lots being allocated to Pool A:

- ***Pool A***: The Hong Kong Offer Shares in pool A will be allocated on an equitable basis to applicants who have applied for the Hong Kong Offer Shares with an aggregate subscription price of HK$5 million or less (excluding brokerage, SFC transaction levy, AFRC transaction levy and Stock Exchange trading fee payable); and

- ***Pool B***: The Hong Kong Offer Shares in pool B will be allocated on an equitable basis to applicants who have applied for the Hong Kong Offer Shares with an aggregate subscription price of more than HK$5 million and up to the value of pool B (excluding brokerage, SFC transaction levy, AFRC transaction levy and Stock Exchange trading fee payable).

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 the pool and be allocated accordingly. For the purpose of this subsection only, the "subscription price" for the Hong Kong Offer Shares means the price payable on application therefor (without regard to the Offer Price as finally determined). Applicants can only receive an allocation of Hong Kong Offer Shares from either pool A or pool B but not from both pools. Multiple or suspected multiple applications under the Hong Kong Public Offering and any application for more than 1,959,400 Hong Kong Offer Shares will be rejected.

**Reallocation**

The allocation of the Offer Shares between the Hong Kong Public Offering and the International Placing is subject to reallocation at the discretion of the Overall Coordinators and the Joint Global Coordinators, subject to the following:

(a) where the International Placing Shares are fully subscribed or oversubscribed:

(i) if the Hong Kong Offer Shares are undersubscribed, the Overall Coordinators and the Joint Global Coordinators have the authority to reallocate all or any unsubscribed Hong Kong Offer Shares to the International Placing, in such proportions as the Overall Coordinators and the Joint Global Coordinators deems appropriate;

(ii) if 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, then up to 3,919,000 Offer Shares may be reallocated to the Hong Kong Public Offering from the International Placing, so that the total number of the Offer Shares available under the Hong Kong Public Offering will be increased to 7,838,000 Offer Shares, representing 20% of the total number of the Offer Shares initially available under the Global Offering;

(iii) if the number of Offer Shares validly applied for under the Hong Kong Public Offering represents (1) 15 times or more but less than 50 times, (2) 50 times or more but less than 100 times, and (3) 100 times or more of the number of Offer Shares initially available under the Hong Kong Public Offering, the Offer Shares will be reallocated to the Hong Kong Public Offering from the International Placing in accordance with the clawback requirements set forth in paragraph 4.2 of Practice Note 18 of the Listing Rules, so that the total number of Hong Kong Offer Shares will be increased to 11,757,000 Offer Shares (in the case of (1)), 15,676,000 Offer Shares (in the case of (2)) and 19,595,000 Offer Shares (in the case of (3)), representing 30%, 40% and 50% of the Offer Shares initially available under the Global Offering, respectively;

(b) where the International Placing Shares are undersubscribed:

(i) if the Hong Kong Offer Shares are also undersubscribed, the Global Offering will not proceed unless the Underwriters would subscribe for or procure subscribers for their 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; and

(ii) if the Hong Kong Offer Shares are fully subscribed or oversubscribed (irrespective of the extent of over-subscription), then up to 3,919,000 Offer Shares may be reallocated to the Hong Kong Public Offering from the International Placing, so that the total number of the Offer Shares available under the Hong Kong Public Offering will be increased to 7,838,000 Offer Shares, representing 20% of the total number of the Offer Shares initially available under the Global Offering.

In the event of reallocation of Offer Shares from the International Placing to the Hong Kong Public Offering in the circumstances described in paragraph (a)(ii) or (b)(ii) above, the final Offer Price shall be fixed at the bottom end of the Offer Price Range (i.e. HK$17.00 per Offer Share) according to Chapter 4.14 of Guide for New Listing Applicants issued by the Stock Exchange.

In all cases of reallocation of Offer Shares from the International Placing to the Hong Kong Public Offering, the additional Offer Shares reallocated to the Hong Kong Public Offering will be allocated between pool A and pool B in equal proportion and the number of Offer Shares allocated to the International Placing will be correspondingly reduced.

**Applications**

Each applicant under the Hong Kong Public Offering will be required to give an undertaking and confirmation in the application submitted by him that he and any person(s) for whose benefit he is making the application has 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 International Placing Shares under the International Placing, 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 International Placing Shares under the International Placing.

Applicants under the Hong Kong Public Offering may be required to pay, on application (subject to application channels), maximum price of HK$20.20 per Offer Share in addition to brokerage of 1.0%, SFC transaction levy of 0.0027%, AFRC transaction levy of 0.00015% and Stock Exchange trading fee of 0.00565% on each Offer Share, amounting to a total of HK$4,080.75 for one board lot of 200 H Shares. If the Offer Price, as finally determined on the Price Determination Date in the manner as described below in "— Pricing and Allocation", is less than the maximum price of HK$20.20 per Offer Share, appropriate refund payments (including brokerage, SFC transaction levy, AFRC transaction levy and Stock Exchange trading fee attributable to the surplus application monies) will be made to successful applicants (subject to application channels), without interest. See "How to Apply for the Hong Kong Offer Shares."

## THE INTERNATIONAL PLACING

### Number of Offer Shares Initially Offered

We will be initially offering for subscription under the International Placing 35,271,000 Offer Shares, representing 90% of the Offer Shares under the Global Offering. Subject to the reallocation of Offer Shares between the International Placing and the Hong Kong Public Offering, the number of Offer Shares offered under the International Placing will represent approximately 9.0% of our enlarged issued share capital immediately after completion of the Global Offering, assuming the Over-allotment Option is not exercised.

### Allocation

The International Placing Shares will conditionally be offered to selected professional, institutional and corporate investors and other investors anticipated to have a sizeable demand for our Offer Shares in Hong Kong and other jurisdictions outside the United States in offshore transactions in reliance on Regulation S. 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. Prospective professional, institutional and other investors will be required to specify the number of the International Placing Shares under the International Placing 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 the Price Determination Date.

Allocation of the International Placing Shares pursuant to the International Placing will be determined by the Overall Coordinators and the Joint Global Coordinators and will be based on a number of factors including the level and timing of demand, 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, and/or hold or sell its H Shares, after the listing of the H Shares on the Stock Exchange. Such allocation is intended to result in a distribution of the International Placing 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.

The Overall Coordinators and the Joint Global Coordinators (for themselves and on behalf of the Underwriters) may require any investor who has been offered Offer Shares under the International Placing and who has made an application under the Hong Kong Public Offering to provide sufficient information to the Overall Coordinators and the Joint Global 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 applications of Hong Kong Offer Shares under the Hong Kong Public Offering.

**Reallocation**

The total number of Offer Shares to be issued pursuant to the International Placing may change as a result of the clawback arrangement as described above in "The Hong Kong Public Offering—Reallocation" or the Over-allotment Option in whole or in part and/or any reallocation of unsubscribed Offer Shares originally included in the Hong Kong Public Offering.

## OVER-ALLOTMENT OPTION

In connection with the Global Offering, it is expected that we will grant the Over-allotment Option to the International Underwriters.

Pursuant to the Over-allotment Option, the International Underwriters will have the right, exercisable by the Overall Coordinators (for themselves and on behalf of the International Underwriters) at any time from the Listing Date until 30 days after the last day for lodging applications under the Hong Kong Public Offering, to require the Company to issue up to 5,878,400 H Shares, representing approximately 15% of the Offer Shares initially available under the Global Offering, at the Offer Price under the International Placing to, among other things (such as effecting the permitted stabilizing actions as set out in "Stabilization" below), cover over-allocations in the International Placing, if any.

If the Over-allotment Option is exercised in full, the additional H Shares to be issued pursuant thereto will represent approximately 1.5% of our enlarged issued share capital immediately following the completion of the Global Offering. In the event that the Over-allotment Option is exercised, an announcement will be made.

## STABILIZATION

Stabilization is a practice used by underwriters in some markets to facilitate the distribution of securities. To stabilize, the underwriters may bid for, or purchase, the securities in the secondary market, during a specified period of time, to retard and, if possible, prevent a decline in the initial public market price of the securities below the offer price. Such transactions may be effected in all jurisdictions where it is permissible to do so, in each case in compliance with all applicable laws and regulatory requirements, including those of Hong Kong. In Hong Kong, the price at which stabilization is effected is not permitted to exceed the Offer Price.

In connection with the Global Offering, the Stabilizing Manager, or any person acting for it, on behalf of the Underwriters, may over-allocate or effect transactions with a view to stabilizing or supporting the market price of our H Shares at a level higher than that which might otherwise prevail in the open market for a limited period after the Listing Date. However, there is no obligation on the Stabilizing Manager or any persons acting for it to conduct any such stabilizing action. Such stabilizing action, if taken, will be conducted at the absolute discretion of the Stabilizing Manager or any person acting for it and may be discontinued at any time, and is required to be brought to an end on the 30th day after the last day for lodging applications under the Hong Kong Public Offering.

Stabilization action permitted in Hong Kong under the Securities and Futures (Price Stabilizing) Rules of the SFO includes (i) over-allocating for the purpose of preventing or minimizing any reduction in the market price of our H Shares, (ii) selling or agreeing to sell our H Shares so as to establish a short position in them for the purpose of preventing or minimizing any reduction in the market price of our H Shares, (iii) purchasing, or agreeing to purchase, our H Shares pursuant to the Over-allotment Option in order to close out any position established under (i) or (ii) above, (iv) purchasing, or agreeing to purchase, any of our H Shares for the sole purpose of preventing or minimizing any reduction in the market price of our H Shares, (v) selling or agreeing to sell any H Shares in order to liquidate any position established as a result of those purchases, and (vi) offering or attempting to do anything as described in (ii), (iii), (iv) or (v) above.

Specifically, prospective applicants for and investors in H Shares should note that:

- the Stabilizing Manager (or any person acting for it) may, in connection with the stabilizing action, maintain a long position in the H Shares;

- there is no certainty as to the extent to which and the time or period for which the Stabilizing Manager (or any person acting for it) will maintain such a long position;

- liquidation of any such long position by the Stabilizing Manager (or any person acting for it) and selling in the open market may have an adverse impact on the market price of the H Shares;

- no stabilizing action can be taken to support the price of the H Shares for longer than the stabilizing period which will begin on the Listing Date and is expected to expire on Sunday, January 19, 2025 being the 30th day after the last day for lodging applications under the Hong Kong Public Offering. After this date, when no further action may be taken to support the price of the H Shares, demand for the H Shares, and therefore the price of the H Shares, could fall;

- the price of the H Shares cannot be assured to stay at or above the Offer Price by the taking of any stabilizing action; and

- stabilizing bids or transactions effected in the course of the stabilizing action may be made at any price at or below the Offer Price, which means that stabilizing bids or transactions effected may be made at a price below the price paid by applicants for, or investors in, the Offer Shares.

In order to effect stabilization actions, the Stabilizing Manager will arrange cover of up to an aggregate of 5,878,400 H Shares, representing up to approximately 15% of the initial Offer Shares, through delayed delivery arrangements with investors who have been allocated Offer Shares in the International Placing. The delayed delivery arrangements (if specifically agreed by an investor) relate only to the delay in the delivery of the Offer Shares to such investor and the Offer Price for the Offer Shares allocated to such investor will be fully paid on the Listing Date, and before the commencement of dealings accordingly there will be no delayed settlement of the Offer Shares.

Our Company will ensure or procure that an announcement in compliance with the Securities and Futures (Price Stabilizing) Rules of the SFO will be made within seven days of the expiration of the stabilization period.

## OVER-ALLOCATION

Following any over-allocation of H Shares in connection with the Global Offering, the Stabilizing Manager (or any person acting for it) may cover such over-allocations by (among other methods) exercising the Over-allotment Option in full or in part, using H Shares purchased by the Stabilizing Manager (or any person acting for it) in the secondary market at prices that do not exceed the Offer Price as detailed below or a combination of these means.

## PRICING AND ALLOCATION

Our Company, the Overall Coordinators (for themselves and on behalf of the Underwriters) will determine the Offer Price and sign an agreement on the Price Determination Date, when market demand for the Offer Shares will be determined. The Price Determination Date is expected to be on or around Monday, December 23, 2024, and in any event, not later than 12:00 noon on Monday, December 23, 2024.

The Offer Price will not be more than HK$20.20 per Offer Share and is expected to be not less than HK$17.00 per Offer Share, unless otherwise announced, as further explained below. If you apply for the Offer Shares under the Hong Kong Public Offering, you may be required to pay the maximum price of HK$20.20 per Offer Share, plus brokerage of 1.0%, SFC transaction levy of 0.0027%, AFRC transaction levy of 0.00015% and Stock Exchange trading fee of 0.00565% fee, amounting to a total of HK$4,080.75 for one board lot of 200 H Shares.

If the Offer Price, as finally determined in the manner described below, is lower than HK$20.20, we will refund the respective difference, including brokerage, SFC transaction levy, AFRC transaction levy and Stock Exchange trading fee attributable to the surplus application monies (subject to application channels). We will not pay interest on any refunded amounts. See “How to Apply for the Hong Kong Offer Shares.”

The International Underwriters will be soliciting from prospective investors indications of interest in acquiring Offer Shares in the International Placing. Prospective professional and institutional investors will be required to specify the number of Offer Shares under the International Placing 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 around, the last day for lodging applications under the Hong Kong Public Offering.

The Overall Coordinators (for themselves and on behalf of the Underwriters) may, where considered appropriate, based on the level of interest expressed by prospective professional, institutional and other investors during the book-building process, and with the consent of our Company, reduce the number of Offer Shares and/or the Offer Price Range below that stated in this prospectus at any time prior to the morning of the last day for lodging applications under the Hong Kong Public Offering. In such a case, we 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 an announcement or supplemental prospectus on the website of the Stock Exchange at **www.hkexnews.hk** and on our website at **www.minieye.cc** (the contents of the website do not form a part of this prospectus). The Global Offering must first be canceled and subsequently relaunched on FINI pursuant to the supplemental prospectus. Upon issue of such announcement or supplemental prospectus, the revised number of Offer Shares and/or offer price range will be final and conclusive and the Offer Price, if agreed upon by us, will be fixed within such revised offer price range.

Before submitting applications for the Hong Kong Offer Shares, applicants should have regard to the possibility that any announcement of a reduction in the number of Offer Shares and/or the Offer Price Range may not be made until the day which is the last day for lodging applications under the Hong Kong Public Offering. Such notice will also confirm or revise, as appropriate, the working capital statement, the Global Offering statistics as currently set out in "Summary" in this prospectus, and any other financial information which may change as a result of such reduction. In the absence of any such notice so published, the Offer Price, if agreed upon with the Company and the Overall Coordinators (for themselves and on behalf of the Underwriters) will under no circumstances be set outside the Offer Price Range as stated in this prospectus.

If you have already submitted an application for the Hong Kong Offer Shares before the last day for lodging applications under the Hong Kong Public Offering, you will not be allowed to subsequently withdraw your application. However, if the number of Offer Shares and/or the Offer Price Range is reduced, applicants will be notified that they are required to confirm their applications. If applicants have been so notified but have not confirmed their applications in accordance with the procedure to be notified, all unconfirmed applications will be deemed revoked.

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 Placing, 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 (assuming the Over-allotment Option is not exercised).

The final Offer Price, the level of indication of interest in the International Placing, the basis of allotment of Offer Shares available under the Hong Kong Public Offering and the identification document numbers of successful applicants under the Hong Kong Public Offering are expected to be made available in a variety of channels in the manner described in "How to Apply for the Hong Kong Offer Shares—B. Publication of Results."

**If, for any reason, the Offer Price is not agreed between the Overall Coordinator (for themselves and on behalf of the Underwriters and the Capital Market Intermediaries) and our Company on or before 12:00 noon on Monday, December 23, 2024, the Global Offering will not proceed and will lapse immediately.**

## CONDITIONS OF THE GLOBAL OFFERING

Acceptance of all applications for Offer Shares is conditional on:

- the Stock Exchange granting approval for the listing of, and permission to deal in, our H Shares in issue and to be issued as described in this prospectus (including the H Shares which may be issued pursuant to the exercise of the Over-allotment Option);

- the Offer Price having been agreed between us and the Overall Coordinators (on behalf the Underwriters);

- the execution and delivery of the International Underwriting Agreement on or about the Price Determination Date; and

- the obligations of the Hong Kong Underwriters under the Hong Kong Underwriting Agreement and the obligations of the International Underwriters under the International Underwriting Agreement becoming unconditional and not having been terminated in accordance with the terms of the respective agreements,

in each case on or before the dates and times specified in the Hong Kong Underwriting Agreement and/or the International Underwriting Agreement, as the case may be (unless and to the extent such conditions are validly waived on or before such dates and times) and in any event not later than Thursday, January 16, 2025, being the 30th date after the date of this prospectus.

If, for any reason, the Offer Price is not agreed between us and the Overall Coordinators (for themselves and on behalf of the Underwriters) on or before 12:00 noon on Monday, December 23, 2024, the Global Offering will not proceed and will lapse.

The consummation of each of the Hong Kong Public Offering and the International Placing is conditional upon, among other things, each other offering becoming unconditional and not having been terminated in accordance with its respective terms. If the above conditions are not fulfilled or waived prior to the times and dates specified, the Global Offering will lapse and the Stock Exchange will be notified immediately. Notice of the lapse of the Hong Kong Public Offering will be published by the Company on our website at **www.minieye.cc** and the website of the Stock Exchange at **www.hkexnews.hk** on the next day following such lapse. In such an event, all application monies will be returned (subject to application channels), without interest, on the terms set out in "How to Apply for the Hong Kong Offer Shares—D. Despatch/Collection of H Share certificates and Refund of Application Monies." In the meantime, all application monies will be held in separate bank account(s) with the receiving bank or other bank(s) in Hong Kong licensed under the Banking Ordinance (Chapter 155 of the Laws of Hong Kong).

## UNDERWRITING AGREEMENTS

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, among other conditions, us and the Overall Coordinators (for themselves and on behalf of the Underwriters) agreeing on the Offer Price on the Price Determination Date.

We expect to enter into the International Underwriting Agreement relating to the International Placing on the Price Determination Date.

Certain terms of the underwriting arrangements, the Hong Kong Underwriting Agreement and the International Underwriting Agreement, are summarized in "Underwriting."

## DEALING ARRANGEMENTS

Assuming that the Hong Kong Public Offering becomes unconditional at or before 8:00 a.m. in Hong Kong on Friday, December 27, 2024, it is expected that dealings in our H Shares on the Stock Exchange will commence at 9:00 a.m. on Friday, December 27, 2024.

The H Shares will be traded in board lots of 200 H Shares each.

**IMPORTANT NOTICE TO INVESTORS OF HONG KONG PUBLIC OFFER SHARES**

**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 Stock Exchange at www.hkexnews.hk under the "HKEXnews > New Listings > New Listing Information" section, and our website at www.minieye.cc.**

The contents of this prospectus are identical to the 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. APPLICATION FOR HONG KONG OFFER SHARES

### 1. Who Can Apply

You can apply for Hong Kong Offer Shares if you or the person(s) for whose benefit you are applying for:

- 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 us, 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 or close associates; or
- are a Director, a Supervisor or any of his/her close associates.

## 2. Application Channels

**The Hong Kong Public Offering period will begin at 9:00 a.m. on Tuesday, December 17, 2024 and end at 12:00 noon on Friday, December 20, 2024 (Hong Kong time).**

To apply for 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** | www.hkeipo.hk | Investors who would like to receive a physical H Share certificate. Hong Kong Offer Shares successfully applied for will be allotted and issued in your own name. | From 9:00 a.m. on Tuesday, December 17, 2024 to 11:30 a.m. on Friday, December 20, 2024, Hong Kong time.<br><br>The latest time for completing full payment of application monies will be 12:00 noon on Friday, December 20, 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. | Investors who would not like to receive a physical H 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. |

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 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 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 payment 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.

### 3. Information Required to Apply

You must provide the following information with your application:

**For Individual 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. Legal Entity Identifier ("**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 account holders on FINI is capped at 4 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. "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** . . . . . . . . . | : | 200 |
| **Permitted number of Hong Kong Public** . . . . . . . . | : | 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. |
| **Offer Shares for application and amount payable on application/successful allotment** . . . . . . . . . . | : | The maximum Offer Price is HK$20.20 per Share.<br><br>If you are applying through the **HKSCC EIPO channel**, you are required to pre-fund 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.

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 | No. of Hong Kong Offer Shares applied for | Maximum Amount payable(2) on application/ successful allotment | No. of Hong Kong Offer Shares applied for | Maximum Amount payable(2) on application/ successful allotment | No. of Hong Kong Offer Shares applied for | Maximum Amount payable(2) on application/ successful allotment |
|---|---|---|---|---|---|---|---|
| | *HK$* | | *HK$* | | *HK$* | | *HK$* |
| 200 | 4,080.75 | 4,000 | 81,614.87 | 60,000 | 1,224,223.02 | 800,000 | 16,322,973.60 |
| 400 | 8,161.49 | 5,000 | 102,018.59 | 70,000 | 1,428,260.19 | 900,000 | 18,363,345.30 |
| 600 | 12,242.23 | 6,000 | 122,422.30 | 80,000 | 1,632,297.35 | 1,000,000 | 20,403,717.00 |
| 800 | 16,322.97 | 7,000 | 142,826.02 | 90,000 | 1,836,334.54 | 1,200,000 | 24,484,460.40 |
| 1,000 | 20,403.72 | 8,000 | 163,229.73 | 100,000 | 2,040,371.70 | 1,400,000 | 28,565,203.80 |
| 1,200 | 24,484.46 | 9,000 | 183,633.45 | 200,000 | 4,080,743.40 | 1,600,000 | 32,645,947.20 |
| 1,400 | 28,565.20 | 10,000 | 204,037.16 | 300,000 | 6,121,115.10 | 1,800,000 | 36,726,690.60 |
| 1,600 | 32,645.95 | 20,000 | 408,074.35 | 400,000 | 8,161,486.80 | 1,959,400(1) | 39,979,043.09 |
| 1,800 | 36,726.68 | 30,000 | 612,111.51 | 500,000 | 10,201,858.50 | | |
| 2,000 | 40,807.43 | 40,000 | 816,148.68 | 600,000 | 12,242,230.20 | | |
| 3,000 | 61,211.15 | 50,000 | 1,020,185.86 | 700,000 | 14,282,601.90 | | |

(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 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.

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 Global Offer Shares.

The H 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 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 authorize 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 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;

(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 Relevant Persons, the H 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 H 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 paragraph headed "—G. Personal Data— 3. Purposes and 4. 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 H Share Registrar by way of publication of the results at the time and in the manner as specified in the paragraph headed "—B. Publication of Results" in this section;

(x) confirm that you are aware of the situations specified in the paragraph headed "*—C. Circumstances In Which You Will Not Be Allocated Hong Kong Public 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 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 the Company, any of the directors, chief executives, supervisors, substantial Shareholder(s) or existing shareholder(s) of the 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 the Company, any of the directors, chief executives, supervisors, substantial shareholder(s) or existing shareholder(s) of the 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 H 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 or to the **HK eIPO White Form** Service Provider and (2) you have due authority to give **electronic application instructions** on behalf of that other person as its agent.

## B. 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 . . | From the "Allotment Results" page at **www.tricor.com.hk/ipo/result** or **www.hkeipo.hk/IPOResult** with a "search by ID Number" function.<br><br>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.tricor.com.hk/ipo/result** or **www.hkeipo.hk/IPOResult** | 24 hours, from 11:00 p.m. on Tuesday, December 24, 2024 to 12:00 midnight on Monday, December 30, 2024 (Hong Kong time) |
| | The Stock Exchange's website at **www.hkexnews.hk** and our website at **www.minieye.cc** which will provide links to the above mentioned websites of the H Share Registrar. | No later than 11:00 p.m. on Tuesday, December 24, 2024 (Hong Kong time). |
| Telephone . | +852 3691 8488 — the allocation results telephone enquiry line provided by the H Share Registrar | between 9:00 a.m. and 6:00 p.m., from Friday, December 27, 2024 to Thursday, January 2, 2025 (Hong Kong time) on a business day |

For those applying through **HKSCC EIPO channel**, you may also check with your broker or custodian from 6:00 p.m. on Monday, December 23, 2024 (Hong Kong time).

HKSCC Participants can log into FINI and review the allotment result from 6:00 p.m. on Monday, December 23, 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 Offer, 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 **www.minieye.cc** by no later than 11:00 p.m. on Tuesday, December 24, 2024 (Hong Kong time).

## C. CIRCUMSTANCES IN WHICH YOU WILL NOT BE ALLOCATED HONG KONG PUBLIC OFFER SHARES

You should note the following situations in which Hong Kong Offer Shares will not be allocated to you or the person(s) for whose benefit you are applying for:

### 1. 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.

### 2. If we or our agents exercise our discretion to reject your application:

We, the Overall Coordinators, the H 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.

### 3. If the allocation of Hong Kong Offer Shares is void:

The allocation of Hong Kong Offer Shares will be void if the 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 us of that longer period within three weeks of the closing date of the application lists.

### 4. If:

- you make multiple applications or suspected multiple applications. You may refer to the paragraph headed "*— A. Applications for Hong Kong Offer Shares—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, it or we would violate applicable securities or other laws, rules or regulations.

**5. 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 Public Offering 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.

However, if it is determined that such settlement obligation cannot be met, the affected Hong Kong Offer Shares will be reallocated to the Global Offer. 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 H 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.

## D. DESPATCH/COLLECTION OF H SHARE CERTIFICATES AND REFUND OF APPLICATION MONIES

You will receive one H 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 H Share certificates will be deposited into CCASS as described below).

No temporary evidence of title will be issued in respect of the Shares. No receipt will be issued for sums paid on application.

H Share certificates will only become valid at 8:00 a.m. on Friday, December 27, 2024 (Hong Kong time), provided that the Global Offer 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 H Share certificates or the H Share certificates becoming valid do so entirely at their own risk.

The right is reserved to retain any H Share certificate(s) and (if applicable) any surplus application monies pending clearance of application monies.

The following sets out the relevant procedures and time:

| | HK eIPO White Form service | HKSCC EIPO channel |
|---|---|---|
| **Despatch/collection of H Share certificate[1]** | | |
| **For application of 1,000,000 Hong Kong Offer Shares or more** . | Collection in person at the H Share Registrar, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong<br><br>**Time**: 9:00 a.m. to 1:00 p.m. on Friday, December 27, 2024 (Hong Kong time)<br><br>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.<br><br>Both individuals and authorised representatives must produce, at the time of collection, evidence of identity acceptable to the H Share Registrar<br><br>**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 | H 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<br><br>No action by you is required |
| **For application of less than 1,000,000 Hong Kong Offer Shares** . . | Your H Share certificate(s) will be sent to the address specified in your application instructions by ordinary post at your own risk<br>**Date**: Tuesday, December 24, 2024 | |
| **Refund mechanism for surplus application monies paid by you** | | |
| **Date** . . . . . . . . . . | Friday, December 27, 2024 | Subject to the arrangement between you and your broker or custodian |
| **Responsible party** . . . . | H Share Registrar | Your broker or custodian |

| | HK eIPO White Form service | HKSCC EIPO channel |
|---|---|---|
| **Application monies paid through single bank account** . . . . . . . . . | 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 despatched to the address as specified in your application instructions by ordinary post at your own risk | |

1 Except in the event of a tropical cyclone warning signal number 8 or above, a black rainstorm warning and/or an "extreme conditions" as announced by the government of Hong Kong in the morning on Tuesday, December 24, 2024 rendering it impossible for the relevant H Share certificates to be dispatched to HKSCC in a timely manner, the Company shall procure the Share Registrar to arrange for delivery of the supporting documents and H Share certificates in accordance with the contingency arrangements as agreed between them. You may refer to "— *E. Bad Weather Arrangements*" in this section.

## E. BAD WEATHER ARRANGEMENTS

### The Opening and Closing of the Application Lists

The application lists will not open or close on Friday, December 20, 2024 if, there is:

- a tropical cyclone warning signal number 8 or above;
- a black rainstorm warning; and/or
- Extreme Conditions, (collectively, "**Bad Weather Signals**"), in force in Hong Kong at any time between 9:00 a.m. and 12:00 noon on Friday, December 20, 2024.

Instead they will open between 11:45 a.m. and 12:00 noon and/or close at 12:00 noon on the next business day which does not have **Bad** Weather Signals in force at any time between 9:00 a.m. and 12:00 noon.

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 **www.minieye.cc** of the revised timetable.

If a **Bad** Weather Signal is hoisted on Tuesday, December 24, 2024, the H Share Registrar will make appropriate arrangements for the delivery of the H Share certificates to the CCASS Depository's service counter so that they would be available for trading on Friday, December 27, 2024.

If a Bad Weather Signal is hoisted on Tuesday, December 24, 2024, for application of less than 1,000,000 Hong Kong Offer Shares, the despatch of physical H Share certificate(s) will be made by ordinary post when the post office re-opens after the Bad Weather Signal is lowered or cancelled (e.g. in the afternoon of Tuesday, December 24, 2024 or on Friday, December 27, 2024).

If a Bad Weather Signal is hoisted on Friday, December 27, 2024, for application of 1,000,000 Hong Kong Offer Shares or more, physical H Share certificate(s) will be available for collection in person at the H Share Registrar's office after the Bad Weather Signal is lowered or cancelled (e.g. in the afternoon of Friday, December 27, 2024 or on Monday, December 30, 2024).

**Prospective investors should be aware that if they choose to receive physical H Share certificates issued in their own name, there may be a delay in receiving the H Share certificates.**

## F. ADMISSION OF THE SHARES INTO CCASS

If the Stock Exchange grants the listing of, and permission to deal in, the Shares on the Stock Exchange 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 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 enabling the Shares to be admitted into CCASS.

You should seek the advice of your broker or other professional advisor for details of the settlement arrangement as such arrangements may affect your rights and interests.

## G. PERSONAL DATA

The following Personal Information Collection Statement applies to any personal data collected and held by the Company, the H Share Registrar, the receiving bank and the Relevant Persons 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.

### 1. Personal Information Collection Statement

This Personal Information Collection Statement informs the applicant for, and holder of, Hong Kong Offer Shares, of the policies and practices of the Company and the H Share Registrar in relation to personal data and the Personal Data (Privacy) Ordinance (Chapter 486 of the Laws of Hong Kong).

### 2. Reasons for the collection of your personal data

It is necessary for applicants and registered holders of Hong Kong Offer Shares to ensure that personal data supplied to the Company or its agents and the H Share Registrar is accurate and up-to-date when applying for Hong Kong Offer Shares or transferring Hong Kong Offer Shares into or out of their names or in procuring the services of the H Share Registrar.

Failure to supply the requested data or supplying inaccurate data may result in your application for Hong Kong Offer Shares being rejected, or in the delay or the inability of the Company or the H Share Registrar to effect transfers or otherwise render their services. It may also prevent or delay registration or transfers of Hong Kong Offer Shares which you have successfully applied for and/or the despatch of H Share certificate(s) to which you are entitled.

It is important that applicants for and holders of Hong Kong Offer Shares inform the Company and the H Share Registrar immediately of any inaccuracies in the personal data supplied.

### 3. 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 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 the Shares including, where applicable, HKSCC Nominees;
- maintaining or updating the register of members of the Company;
- verifying identities of applicants for and holders of the Shares and identifying any duplicate applications for the Shares;
- facilitating Hong Kong Offer Shares balloting;
- establishing benefit entitlements of holders of the Shares, such as dividends, rights issues, bonus issues, etc.;
- distributing communications from the Company and its subsidiaries;
- compiling statistical information and profiles of the holder of the Shares;
- disclosing relevant information to facilitate claims on entitlements; and
- any other incidental or associated purposes relating to the above and/or to enable the Company and the H Share Registrar to discharge their obligations to applicants and holders of the Shares and/or regulators and/or any other purposes to which applicants and holders of the Shares may from time to time agree.

**4. Transfer of personal data**

Personal data held by the Company and the H Share Registrar relating to the applicants for and holders of Hong Kong Offer Shares will be kept confidential but the Company and the H 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:

- the Company's appointed agents such as financial advisers, receiving bank and overseas principal share registrar;
- HKSCC or HKSCC Nominees, who will use the personal data and may transfer the personal data to the H Share Registrar, by 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 the Company or the H Share Registrar in connection with their respective business operation;

- the 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 Hong Kong Offer Shares have or propose to have dealings, such as their bankers, solicitors, accountants or brokers etc.

**5. Retention of personal data**

The Company and the H Share Registrar will keep the personal data of the applicants and holders of 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 (Chapter 486 of the Laws of Hong Kong).

**6. Access to and correction of personal data**

Applicants for and holders of Hong Kong Offer Shares have the right to ascertain whether the Company or the H Share Registrar hold their personal data, to obtain a copy of that data, and to correct any data that is inaccurate. The Company and the H 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 the Company and the H Share Registrar, at their 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 H 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-3, received from the Company's reporting accountant, PricewaterhouseCoopers, Certified Public Accountants, Hong Kong, for the purpose of incorporation in this prospectus. It is prepared and addressed to the directors of the Company and to the Joint Sponsors pursuant to the requirements of HKSIR 200 Accountants' Reports on Historical Financial Information in Investment Circulars issued by the Hong Kong Institute of Certified Public Accountants.*

pwc 羅兵咸永道

**ACCOUNTANT'S REPORT ON HISTORICAL FINANCIAL INFORMATION TO THE DIRECTORS OF MINIEYE TECHNOLOGY CO., LTD AND CITIC SECURITIES (HONG KONG) LIMITED AND CHINA INTERNATIONAL CAPITAL CORPORATION HONG KONG SECURITIES LIMITED**

**Introduction**

We report on the historical financial information of Minieye Technology Co., Ltd (the "Company") and its subsidiaries (together, the "Group") set out on pages I-4 to I-92, which comprises the consolidated statements of balance sheets as at December 31, 2021, 2022 and 2023 and June 30, 2024, the Company statements of balance sheets as at December 31, 2021, 2022 and 2023 and June 30, 2024, and the consolidated statements of comprehensive loss, the consolidated statements of changes in equity and the consolidated statements of cash flows for each of the years ended December 31, 2021, 2022 and 2023 and the six months ended June 30, 2024 (the "Track Record Period") and material accounting policy information and other explanatory information (together, the "Historical Financial Information"). The Historical Financial Information set out on pages I-4 to I-92 forms an integral part of this report, which has been prepared for inclusion in the prospectus of the Company dated December 17, 2024 (the "Prospectus") in connection with the initial listing of H Shares of the Company on the Main Board of The Stock Exchange of Hong Kong Limited.

**Directors' responsibility for the Historical Financial Information**

The directors of the Company are responsible for the preparation of Historical Financial Information that gives a true and fair view in accordance with the basis of preparation set out in Note 2.1 to the Historical Financial Information, and for such internal control as the directors determine is necessary to enable the preparation of Historical Financial Information that is free from material misstatement, whether due to fraud or error.

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**Reporting accountant's responsibility**

Our responsibility is to express an opinion on the Historical Financial Information and to report our opinion to you. We conducted our work in accordance with Hong Kong Standard on Investment Circular Reporting Engagements 200, *Accountants' Reports on Historical Financial Information in Investment Circulars* issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"). This standard requires that we comply with ethical standards and plan and perform our work to obtain reasonable assurance about whether the Historical Financial Information is free from material misstatement.

Our work involved performing procedures to obtain evidence about the amounts and disclosures in the Historical Financial Information. The procedures selected depend on the reporting accountant's judgement, including the assessment of risks of material misstatement of the Historical Financial Information, whether due to fraud or error. In making those risk assessments, the reporting accountant considers internal control relevant to the entity's preparation of Historical Financial Information that gives a true and fair view in accordance with the basis of preparation set out in Note 2.1 to the Historical Financial Information in order to design procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Our work also included evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the Historical Financial Information.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

**Opinion**

In our opinion, the Historical Financial Information gives, for the purposes of the accountant's report, a true and fair view of the financial position of the Company as at December 31, 2021, 2022 and 2023 and June 30, 2024 and the consolidated financial position of the Group as at December 31, 2021, 2022 and 2023 and June 30, 2024 and of its consolidated financial performance and its consolidated cash flows for the Track Record Period in accordance with the basis of preparation set out in Note 2.1 to the Historical Financial Information.

**Review of stub period comparative financial information**

We have reviewed the stub period comparative financial information of the Group which comprises the consolidated statement of comprehensive loss, the consolidated statement of changes in equity and the consolidated statement of cash flows for the six months ended 30 June 2023 and other explanatory information (the "Stub Period Comparative Financial Information"). The directors of the Company are responsible for the preparation of the Stub Period Comparative Financial Information in accordance with the basis of preparation set out in Note 2.1 to the Historical Financial Information. Our responsibility is to express a conclusion on the Stub Period Comparative Financial Information based on our review. We conducted our review in accordance with International Standard on Review Engagements 2410, Review of Interim Financial Information Performed by the Independent Auditor of the Entity issued by the International Auditing and Assurance Standards Board ("IAASB"). A review consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion. Based on our review, nothing has come to our attention that causes us to believe that the Stub Period Comparative Financial Information, for the purposes of the accountant's report, is not prepared, in all material respects, in accordance with the basis of preparation set out in Note 2.1 to the Historical Financial Information.

**Report on matters under the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") and the Companies (Winding Up and Miscellaneous Provisions) Ordinance**

***Adjustments***

In preparing the Historical Financial Information, no adjustments to the Underlying Financial Statements as defined on page I-4 have been made.

***Dividends***

We refer to Note 40 to the Historical Financial Information which states that no dividend has been paid by Minieye Technology Co., Ltd in respect of the Track Record Period.

**PricewaterhouseCoopers**
*Certified Public Accountants*
Hong Kong
December 17, 2024

## I HISTORICAL FINANCIAL INFORMATION OF THE GROUP

### Preparation of Historical Financial Information

Set out below is the Historical Financial Information which forms an integral part of this accountant's report.

The consolidated financial statements of the Group for the Track Record Period, on which the Historical Financial Information is based, were audited by PricewaterhouseCoopers in accordance with International Standards on Auditing ("ISAs") issued by the International Auditing and Assurance Board ("IAASB") (the "Underlying Financial Statements").

The Historical Financial Information is presented in Renminbi ("RMB") and all values are rounded to the nearest thousand of RMB (RMB'000) except when otherwise indicated.

## CONSOLIDATED STATEMENTS OF COMPREHENSIVE LOSS

| | | Year ended December 31, | | | Six months ended June 30, | |
|---|---|---|---|---|---|---|
| | *Note* | **2021** | **2022** | **2023** | **2023** | **2024** |
| | | *RMB'000* | *RMB'000* | *RMB'000* | *RMB'000* *(Unaudited)* | *RMB'000* |
| Revenue | *5* | 175,174 | 279,358 | 476,206 | 163,834 | 236,675 |
| Cost of sales | *8* | (158,173) | (245,788) | (408,184) | (150,173) | (203,254) |
| **Gross profit** | | 17,001 | 33,570 | 68,022 | 13,661 | 33,421 |
| Selling expenses | *8* | (51,717) | (63,374) | (72,735) | (33,118) | (32,015) |
| General and administrative expenses | *8* | (45,454) | (54,769) | (74,294) | (30,836) | (50,196) |
| Research and development expenses | *8* | (82,201) | (139,349) | (149,826) | (81,389) | (63,310) |
| Net impairment losses on financial assets | *11* | (2,196) | (7,517) | (6,116) | (4,603) | (6,595) |
| Other income | *6* | 23,908 | 4,734 | 27,922 | 3,160 | 6,259 |
| Other gains – net | *7* | 2,016 | 6,334 | 1,338 | 822 | 2,501 |
| **Operating loss** | | (138,643) | (220,371) | (205,689) | (132,303) | (109,935) |
| Finance income | *10* | 212 | 1,234 | 1,967 | 1,014 | 1,669 |
| Finance costs | *10* | (916) | (1,521) | (3,373) | (1,510) | (3,782) |
| Finance costs – net | | (704) | (287) | (1,406) | (496) | (2,113) |
| **Loss before income tax** | | (139,347) | (220,658) | (207,095) | (132,799) | (112,048) |
| Income tax expense | *12* | (450) | (172) | (60) | (33) | – |
| **Loss for the year/period** | | (139,797) | (220,830) | (207,155) | (132,832) | (112,048) |
| **Loss for the year/period attributable to:** | | | | | | |
| Owners of the Company | | (132,220) | (214,864) | (197,238) | (125,830) | (108,135) |
| Non-controlling interests | | (7,577) | (5,966) | (9,917) | (7,002) | (3,913) |
| | | (139,797) | (220,830) | (207,155) | (132,832) | (112,048) |
| **Other comprehensive loss for the year/period, net of tax** | | – | – | – | – | – |
| **Total comprehensive loss for the year/period** | | (139,797) | (220,830) | (207,155) | (132,832) | (112,048) |
| **Total comprehensive loss for the year/period attributable to:** | | | | | | |
| Owners of the Company | | (132,220) | (214,864) | (197,238) | (125,830) | (108,135) |
| Non-controlling interests | | (7,577) | (5,966) | (9,917) | (7,002) | (3,913) |
| | | (139,797) | (220,830) | (207,155) | (132,832) | (112,048) |
| **Loss per share attributable to the owners of the Company (in RMB)** | | | | | | |
| Basic and diluted loss per share | *13* | (0.48) | (0.66) | (0.59) | (0.38) | (0.31) |

## CONSOLIDATED STATEMENTS OF BALANCE SHEETS

| | Note | As at December 31, | | | As at June 30, |
|---|---|---|---|---|---|
| | | 2021 | 2022 | 2023 | 2024 |
| | | *RMB'000* | *RMB'000* | *RMB'000* | *RMB'000* |
| **ASSETS** | | | | | |
| **Non-current assets** | | | | | |
| Property, plant and equipment | *15* | 14,152 | 24,984 | 35,697 | 40,510 |
| Right-of-use assets | *16* | 14,682 | 13,899 | 32,535 | 50,829 |
| Intangible assets | *17* | 3,778 | 9,161 | 10,340 | 15,883 |
| Investment properties | *18* | – | 5,013 | 4,771 | 4,650 |
| Other non-current assets | *19* | 7,927 | 5,028 | 12,358 | 28,994 |
| | | 40,539 | 58,085 | 95,701 | 140,866 |
| **Current assets** | | | | | |
| Inventories | *20* | 122,770 | 168,485 | 144,961 | 129,595 |
| Trade and notes receivables | *21* | 100,890 | 217,670 | 333,585 | 398,360 |
| Other current assets | *22* | 35,037 | 40,833 | 66,878 | 69,214 |
| Financial assets at fair value through other comprehensive income | *23* | 38,438 | 23,558 | 36,462 | 7,008 |
| Financial assets at fair value through profit or loss | *24* | 135,187 | 44,581 | 210,597 | 120,901 |
| Restricted cash | *25* | – | 20,010 | 1,690 | 1,690 |
| Cash and cash equivalents | *25* | 272,824 | 243,785 | 197,934 | 220,125 |
| | | 705,146 | 758,922 | 992,107 | 946,893 |
| **Total assets** | | 745,685 | 817,007 | 1,087,808 | 1,087,759 |
| **EQUITY** | | | | | |
| **Equity attributable to owners of the Company** | | | | | |
| Paid-in capital | *26* | 32,162 | 36,139 | – | – |
| Share capital | *27* | – | – | 360,000 | 360,000 |
| Reserves | *28* | 791,919 | 1,105,785 | 780,675 | 795,986 |
| Accumulated losses | | (397,478) | (612,342) | (407,175) | (515,310) |
| | | 426,603 | 529,582 | 733,500 | 640,676 |
| **Non-controlling interests** | | (9,543) | 14,491 | 19,574 | 15,661 |
| **Total equity** | | 417,060 | 544,073 | 753,074 | 656,337 |
| **LIABILITIES** | | | | | |
| **Non-current liabilities** | | | | | |
| Lease liabilities | *16* | 6,569 | 6,143 | 19,095 | 12,243 |
| Deferred income | *32* | 3,888 | 14,870 | 12,885 | 11,876 |
| Borrowings | *31, 36* | – | – | 18,800 | 45,031 |
| | | 10,457 | 21,013 | 50,780 | 69,150 |
| **Current liabilities** | | | | | |
| Trade and notes payables | *34* | 32,186 | 111,196 | 130,098 | 149,505 |
| Contract liabilities | *5* | 3,928 | 24,029 | 5,405 | 3,210 |
| Borrowings | *31, 36* | 26,600 | 55,560 | 77,860 | 137,221 |
| Lease liabilities | *16* | 8,898 | 7,997 | 15,196 | 15,773 |
| Other payables and accruals | *35* | 246,556 | 53,139 | 55,395 | 56,563 |
| | | 318,168 | 251,921 | 283,954 | 362,272 |
| **Total liabilities** | | 328,625 | 272,934 | 334,734 | 431,422 |
| **Total equity and liabilities** | | 745,685 | 817,007 | 1,087,808 | 1,087,759 |

## THE COMPANY STATEMENTS OF BALANCE SHEETS

| | Note | As at December 31, | | | As at June 30, |
|---|---|---|---|---|---|
| | | 2021 | 2022 | 2023 | 2024 |
| | | RMB'000 | RMB'000 | RMB'000 | RMB'000 |
| **ASSETS** | | | | | |
| **Non-current assets** | | | | | |
| Property, plant and equipment | 15 | 9,318 | 20,651 | 23,071 | 26,531 |
| Right-of-use assets | 16 | 10,329 | 8,071 | 23,812 | 18,491 |
| Intangible assets | 17 | 3,778 | 9,161 | 9,810 | 15,282 |
| Investments in subsidiaries | 14 | 33,227 | 241,474 | 236,283 | 201,518 |
| Investment properties | 18 | – | 5,013 | 4,771 | 4,650 |
| Other non-current assets | 19 | 7,490 | 4,638 | 10,280 | 8,112 |
| | | 64,142 | 289,008 | 308,027 | 274,584 |
| **Current assets** | | | | | |
| Inventories | 20 | 99,280 | 102,142 | 116,343 | 108,420 |
| Trade and notes receivables | 21 | 116,508 | 260,112 | 376,716 | 473,213 |
| Other current assets | 22 | 65,176 | 94,065 | 130,048 | 187,949 |
| Financial assets at fair value through other comprehensive income | 23 | 35,231 | 17,403 | 18,165 | 1,849 |
| Financial assets at fair value through profit or loss | 24 | 135,187 | 44,581 | 210,597 | 80,049 |
| Restricted cash | 25 | – | 20,010 | 10 | 10 |
| Cash and cash equivalents | 25 | 260,995 | 153,271 | 78,249 | 148,113 |
| | | 712,377 | 691,584 | 930,128 | 999,603 |
| **Total assets** | | 776,519 | 980,592 | 1,238,155 | 1,274,187 |
| **EQUITY** | | | | | |
| Paid-in capital | 26 | 32,162 | 36,139 | – | – |
| Share capital | 27 | – | – | 360,000 | 360,000 |
| Reserves | 28 | 790,652 | 1,103,958 | 743,296 | 757,291 |
| Accumulated losses | | (374,370) | (568,330) | (345,104) | (430,676) |
| **Total Equity** | | 448,444 | 571,767 | 758,192 | 686,615 |
| **LIABILITIES** | | | | | |
| **Non-current liabilities** | | | | | |
| Lease liabilities | 16 | 4,256 | 4,201 | 14,755 | 9,078 |
| Deferred income | 32 | 3,087 | 13,721 | 12,387 | 11,378 |
| Borrowings | 31, 36 | – | – | 18,800 | 45,031 |
| | | 7,343 | 17,922 | 45,942 | 65,487 |
| **Current liabilities** | | | | | |
| Trade and notes payables | 34 | 23,166 | 81,665 | 97,617 | 136,019 |
| Contract liabilities | 5 | 1,940 | 1,005 | 973 | 714 |
| Borrowings | 31, 36 | 26,600 | 52,560 | 77,860 | 137,221 |
| Lease liabilities | 16 | 6,832 | 4,535 | 10,847 | 11,448 |
| Other payables and accruals | 35 | 262,194 | 251,138 | 246,724 | 236,683 |
| | | 320,732 | 390,903 | 434,021 | 522,085 |
| **Total liabilities** | | 328,075 | 408,825 | 479,963 | 587,572 |
| **Total equity and liabilities** | | 776,519 | 980,592 | 1,238,155 | 1,274,187 |

## CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

| | | Attributable to owners of the Company | | | | | | |
|---|---|---|---|---|---|---|---|---|
| | Note | Paid-in capital | Share capital | Reserves | Accumulated losses | Total | Non-controlling interests | Total equity |
| | | *RMB'000* | *RMB'000* | *RMB'000* | *RMB'000* | *RMB'000* | *RMB'000* | *RMB'000* |
| **As at January 1, 2021** | | 27,871 | – | 461,408 | (265,258) | 224,021 | (1,966) | 222,055 |
| Loss for the year | | – | – | – | (132,220) | (132,220) | (7,577) | (139,797) |
| **Total comprehensive loss** | | – | – | – | (132,220) | (132,220) | (7,577) | (139,797) |
| Capital contributions from owners of the Company | | 4,291 | – | 321,709 | – | 326,000 | – | 326,000 |
| Share-based payment | 29 | – | – | 8,802 | – | 8,802 | – | 8,802 |
| **As at December 31, 2021** | | 32,162 | – | 791,919 | (397,478) | 426,603 | (9,543) | 417,060 |
| **As at January 1, 2022** | | 32,162 | – | 791,919 | (397,478) | 426,603 | (9,543) | 417,060 |
| Loss for the year | | – | – | – | (214,864) | (214,864) | (5,966) | (220,830) |
| **Total comprehensive loss** | | – | – | – | (214,864) | (214,864) | (5,966) | (220,830) |
| Capital contributions from owners of the Company | | 3,977 | – | 301,906 | – | 305,883 | – | 305,883 |
| Capital injection by a non-controlling shareholder | | – | – | – | – | – | 30,000 | 30,000 |
| Share-based payment | 29 | – | – | 14,960 | – | 14,960 | – | 14,960 |
| Others | | – | – | (3,000) | – | (3,000) | – | (3,000) |
| **As at December 31, 2022** | | 36,139 | – | 1,105,785 | (612,342) | 529,582 | 14,491 | 544,073 |
| **As at January 1, 2023** | | 36,139 | – | 1,105,785 | (612,342) | 529,582 | 14,491 | 544,073 |
| Loss for the year | | – | – | – | (197,238) | (197,238) | (9,917) | (207,155) |
| **Total comprehensive loss** | | – | – | – | (197,238) | (197,238) | (9,917) | (207,155) |
| Conversion into a joint stock company | | (36,139) | 36,139 | (402,405) | 402,405 | – | – | – |
| Capital contributions from owners of the Company | | – | 2,519 | 345,961 | – | 348,480 | – | 348,480 |
| Capital injection by a non-controlling shareholder | | – | – | 35,000 | – | 35,000 | 15,000 | 50,000 |
| Share-based payment | 29 | – | – | 22,401 | – | 22,401 | – | 22,401 |
| Conversion of capital reserves into share capital | | – | 321,342 | (321,342) | – | – | – | – |
| Others | | – | – | (4,725) | – | (4,725) | – | (4,725) |
| **As at December 31, 2023** | | – | 360,000 | 780,675 | (407,175) | 733,500 | 19,574 | 753,074 |

| | | Attributable to owners of the Company | | | | | | |
|---|---|---|---|---|---|---|---|---|
| | *Note* | **Paid-in capital** | **Share capital** | **Reserves** | **Accumulated losses** | **Total** | **Non-controlling interests** | **Total equity** |
| | | *RMB'000* | *RMB'000* | *RMB'000* | *RMB'000* | *RMB'000* | *RMB'000* | *RMB'000* |
| **As at January 1, 2024** | | – | 360,000 | 780,675 | (407,175) | 733,500 | 19,574 | 753,074 |
| Loss for the period | | – | – | – | (108,135) | (108,135) | (3,913) | (112,048) |
| **Total comprehensive loss** | | – | – | – | (108,135) | (108,135) | (3,913) | (112,048) |
| Share-based payment | 29 | – | – | 15,311 | – | 15,311 | – | 15,311 |
| **As at June 30, 2024** | | – | 360,000 | 795,986 | (515,310) | 640,676 | 15,661 | 656,337 |
| *(Unaudited)* | | | | | | | | |
| **As at January 1, 2023** | | 36,139 | – | 1,105,785 | (612,342) | 529,582 | 14,491 | 544,073 |
| Loss for the period | | – | – | – | (125,830) | (125,830) | (7,002) | (132,832) |
| **Total comprehensive loss** | | – | – | – | (125,830) | (125,830) | (7,002) | (132,832) |
| Conversion into a joint stock company | | (36,139) | 36,139 | – | – | – | – | – |
| Capital injection by a non-controlling shareholder | | – | – | 35,000 | – | 35,000 | 15,000 | 50,000 |
| Share-based payment | 29 | – | – | 11,200 | – | 11,200 | – | 11,200 |
| **As at June 30, 2023** | | – | 36,139 | 1,151,985 | (738,172) | 449,952 | 22,489 | 472,441 |

## CONSOLIDATED STATEMENTS OF CASH FLOWS

| | Note | Year ended December 31, | | | Six months ended June 30, | |
|---|---|---|---|---|---|---|
| | | 2021 | 2022 | 2023 | 2023 | 2024 |
| | | *RMB'000* | *RMB'000* | *RMB'000* | *RMB'000* *(Unaudited)* | *RMB'000* |
| **Cash flows from operating activities** | | | | | | |
| Cash used in operations | *36(a)* | (251,843) | (256,222) | (278,245) | (115,387) | (86,233) |
| Interest received | | 213 | 1,234 | 1,967 | 1,015 | 1,669 |
| Income taxes paid | | (450) | (172) | (60) | (60) | (15) |
| **Net cash used in operating activities** | | (252,080) | (255,160) | (276,338) | (114,432) | (84,579) |
| **Cash flows from investing activities** | | | | | | |
| Purchase of financial assets at fair value through profit or loss | | (485,500) | (2,040,800) | (1,652,200) | (712,600) | (1,054,300) |
| Purchase of property, plant and equipment | | (11,942) | (17,151) | (24,540) | (6,832) | (11,145) |
| Purchase of land use rights | | – | – | – | – | (42,017) |
| Purchase of Intangible assets | | (2,350) | (6,098) | (2,648) | (824) | (6,518) |
| Proceeds from disposal of property, plant and equipment | | 36 | – | 1,061 | 298 | 252 |
| Proceeds from disposal of financial assets at fair value through profit or loss | | 444,351 | 2,139,460 | 1,489,970 | 671,983 | 1,146,381 |
| **Net cash (used in)/generated from investing activities** | | (55,405) | 75,411 | (188,357) | (47,975) | 32,653 |
| **Cash flows from financing activities** | | | | | | |
| Receipt of share capital from ordinary shareholders | | 526,000 | 105,883 | 348,480 | – | – |
| Proceeds from contributions of non-controlling interests | | – | 30,000 | 50,000 | 50,000 | – |
| Proceeds from bank borrowings | | 32,900 | 57,000 | 104,760 | 53,000 | 168,504 |
| Repayment of bank borrowings | | (17,660) | (28,040) | (63,660) | (52,930) | (82,912) |
| Payment of transaction costs related to equity financing | | – | (3,000) | (4,725) | – | – |
| Principal elements and interest elements of lease payments | | (5,432) | (10,396) | (13,846) | (4,530) | (7,541) |
| Interest paid for borrowings | | (472) | (858) | (2,139) | (1,082) | (3,039) |
| Payment of listing expenses | | – | – | – | – | (907) |
| **Net cash generated from financing activities** | | 535,336 | 150,589 | 418,870 | 44,458 | 74,105 |
| **Net increase/(decrease) in cash and cash equivalents** | | 227,851 | (29,160) | (45,825) | (117,949) | 22,179 |

| | Note | Year ended December 31, 2021 | Year ended December 31, 2022 | Year ended December 31, 2023 | Six months ended June 30, 2023 | Six months ended June 30, 2024 |
|---|---|---|---|---|---|---|
| | | *RMB'000* | *RMB'000* | *RMB'000* | *RMB'000* *(Unaudited)* | *RMB'000* |
| Cash and cash equivalents at the beginning of the year/period | | 45,001 | 272,824 | 243,785 | 243,785 | 197,934 |
| Effects of foreign exchange rate changes on cash and cash equivalents | | (28) | 121 | (26) | 68 | 12 |
| **Cash and cash equivalents at the end of the year/period** | *25* | 272,824 | 243,785 | 197,934 | 125,904 | 220,125 |

## II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

### 1. GENERAL INFORMATION

Minieye Technology Co., Ltd ("Minieye", or the "Company") was incorporated in Shenzhen on December 10, 2014 as a limited liability company. The address of the Company's registered office is Floor 25, 9285 Binhe Avenue, Futian District, Shenzhen, Guangdong Province, the People's Republic of China (the "PRC").

Upon approval by the shareholders' general meeting held in April 2023, the Company was converted into a joint stock company with limited liability under the Company Law of the PRC and changed its registered name from "Minieye Technology Co., Ltd. (深圳佑駕創新科技有限公司)" to "Minieye Technology Co., Ltd (深圳佑駕創新科技股份有限公司)" on June 7, 2023.

The Company and its subsidiaries (together, "the Group") are principally engaged in the development, manufacture and sales of intelligent driving products and solutions in the PRC.

The Historical Financial Information is presented in Renminbi ("RMB") unless otherwise stated.

### 2. BASIS OF PREPARATION AND CHANGES IN ACCOUNTING POLICIES

#### 2.1 Basis of preparation

The Historical Financial Information of the Group have been prepared in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board ("IFRS Accounting Standards").

The Historical Financial Information have been prepared on a historical cost basis, except for the certain financial assets and liabilities that are measured at fair value.

The preparation of the Historical Financial Information in conformity with IFRS Accounting Standards requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Group's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the Historical Financial Information are disclosed in Note 4.

The accounting policies applied in the preparation of the Historical Financial Information have been consistently applied to all the years presented, unless otherwise stated.

Other than those material accounting policies information as disclosed elsewhere in this Historical Financial Information, a summary of the other accounting policies information has been set out in Note 43 to this Historical Financial Information.

#### 2.2 New and amended standards adopted by the Group

A number of new or amended standards and interpretation became applicable for the Track Record Period. The Group did not have to change its accounting policies or make retrospective adjustments as a result of adopting these standards.

| Standards and amendments | Effective for accounting periods beginning on or after |
|---|---|
| Amendments to IAS 1 – Non-current Liabilities with Covenants | 1 January 2024 |
| Amendments to IAS 1 – Classification of Liabilities as Current or Non-current | 1 January 2024 |
| Amendments to IFRS 16 – Lease Liability in a Sale and Leaseback | 1 January 2024 |
| Amendments to IFRS 7 and IAS 7 – Supplier Finance Arrangements | 1 January 2024 |

The amendments listed above did not have any material impact on the amounts recognised in prior periods and are not expected to significantly affect the current or future periods.

### 2.3 New and amended standards not yet adopted

New and amended standards have been published that are not mandatory for the Track Record Period and have not been early adopted by the Group. These standards, amendments or interpretations are not expected to have a material impact on the Group in the current or future reporting periods and on foreseeable future transactions.

The following new standards and amendments to existing standards have been issued but are not effective for the Track Record Period and have not been early adopted by the Group. The Group plans to adopt these new standards and amendments when they become effective:

| Standards and amendments | Effective for accounting periods beginning on or after |
|---|---|
| Amendments to IAS 21 – Lack of Exchangeability | January 1, 2025 |
| Amendments to IFRS 7 and IFRS 9 – Amendments to the Classification and Measurement of Financial Instruments | January 1, 2026 |
| Annual improvements to IFRS – Annual improvements to IFRS Accounting Standards – volumes 11 | January 1, 2026 |
| IFRS 19 – Subsidiaries without public accountability: disclosures | January 1, 2027 |
| IFRS 18 – Presentation and Disclosure in Financial Statements | January 1, 2027 |
| Amendments to IFRS 10 and IAS 28 – Sale or contribution of Assets between an Investor and its Associate or Joint Venture | To be determined |

The Group has already commenced an assessment of the impact of these new and amended standards and has concluded on a preliminary basis that adoption of these new and amended standards is not expected to have a significant impact on the financial performance and positions of the Group when they become effective.

## 3. FINANCIAL RISK MANAGEMENT

### 3.1 Financial risk factors

The Group's risk management is predominantly controlled by the treasury department under policies approved by the Board of Directors of the Company (the "Board of Directors"). The Group's treasury department identifies, evaluates and hedges financial risks in close cooperation with the Group's operating units. The Board provides written principles for overall risk management, as well as policies covering specific areas, such as foreign exchange risk, interest rate risk, credit risk, use of derivative financial instruments and non-derivative financial instruments, and investment of excess liquidity.

***(a) Market risk***

*(i) Foreign exchange risk*

Foreign exchange risk arises from future commercial transactions and recognized assets and liabilities denominated in a currency that is not the functional currency of the relevant group entity. The Company and its primary subsidiaries were incorporated in the PRC and considered RMB as their functional currency.

The Group is primarily exposed to changes in RMB/USD exchange rates. As at December 31, 2021, 2022 and 2023 and June 30, 2024, if the USD strengthened/weakened by 10% against the RMB, with all other variables held constant, the gains/losses before income tax for the year/period then ended would have been RMB72,000, RMB(356,000), RMB(513,000) and RMB(914,000) lower/higher respectively as a result of foreign exchange gains/losses on translation of USD denominated cash and cash equivalents.

*(ii) Cash flow and fair value interest rate risk*

Except for cash and cash equivalents and restricted cash, the Group has no significant interest-bearing assets. The Group's income and operating cash flows are substantially independent of changes in market interest rates.

The Group's interest-rate risk mainly arises from borrowings. Borrowings obtained at variable rates expose the Group to cash flow interest-rate risk. Borrowings obtained at fixed rates expose the Group to fair value interest-rate risk. The interest rates and terms of repayments of borrowings are disclosed in Note 31. The Group did not use any interest rate swap contracts or other financial instruments to hedge against its interest rate risk for the reporting period.

As at December 31, 2021, 2022 and 2023 and June 30, 2024, if the Group's interest rates on borrowings obtained at variable rates had been 100 basis points higher/lower, the loss before income tax for the year/period then ended would have been approximately RMB39,000, RMB49,000, RMB168,000 and RMB114,000 higher/lower respectively.

*(iii) Price risk*

The Group is exposed to price risk in respect of financial assets at fair value through profit or loss ("FVPL"), which mainly include investments in structured deposits and wealth management products. The Group is not exposed to commodity price risk. See Note 3.3 for details.

***(b) Credit risk***

Credit risk arises from cash and cash equivalents, restricted cash, trade and notes receivables, other receivables, financial assets at fair value through other comprehensive income ("FVOCI") and other non-current assets. The carrying amount of each class of the above financial assets represents the Group's maximum exposure to credit risk in relation to the corresponding class of financial assets.

*Risk management*

To manage this risk, cash and cash equivalents and restricted cash is mainly placed with state-owned or reputable financial institutions in Mainland China which are all high-credit-quality financial institutions.

To manage risk arising from trade and notes receivables and financial assets at FVOCI, the Group has policies in place to ensure that credit terms are made to counterparties with an appropriate credit history and management performs ongoing credit evaluations of the counterparties. Trade and notes receivables have been grouped based on shared credit risk characteristics and aging to measure the expected credit losses. Trade and notes receivables are written off when there is no reasonable expectation of recovery. Impairment losses on trade and notes receivables are presented as net impairment losses within operating profit. Subsequent recoveries of amounts previously written off are credited against the same line item.

For other receivables, management makes periodic collective assessments as well as individual assessment on the recoverability of other receivables based on historical settlement records, past experiences, and forward-looking information.

*Impairment of financial assets*

The Group has four types of financial assets that are subject to the expected credit loss model: (i) cash and cash equivalents and restricted cash; (ii) trade and notes receivables and financial assets at FVOCI; (iii) other receivables; and (iv) other non-current assets.

(i) Cash and cash equivalents and restricted cash

To manage risk arising from cash and cash equivalents and restricted cash, the Group only transacts with state-owned or reputable financial institutions in Mainland China. There has been no recent history of default in relation to these financial institutions. These instruments are considered to have low credit risk because they have a low risk of default and the counterparty has a strong capacity to meet its contractual cash flow obligations in the near term. Cash and cash equivalents and restricted cash are also subject to the impairment requirements of IFRS 9, while the identified credit loss was immaterial.

(ii) Trade receivables, notes receivables and financial assets at FVOCI

The Group applies the IFRS 9 simplified approach to measure expected credit losses which uses a lifetime expected loss allowance for all trade and notes receivables. To measure the expected credit losses, trade and notes receivables have been grouped based on shared credit risk characteristics and aging.

The expected loss rates are based on the credit rating of counter parties and the payment profiles of sales and probability of default of counter parties on an ongoing basis throughout each Track Record Period. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables. The Group has identified the Gross Domestic Product ("GDP") to be the most relevant factor, and accordingly adjusts the historical loss rates based on expected changes in these factors.

Individually impaired trade receivables are related to customers who are experiencing unexpected economic difficulties. The Group expects that the amounts of the receivables will partially or entirely have difficulty to be recovered and has recognized impairment losses.

The Group's trade receivables mainly represented receivables received from the sales of products and providing solutions and services to customers as described in Note 21. The Group's credit period to its customers was typically within one year.

Trade receivables

Individually impairment trade receivables include:

Category 1: customers who are the listed companies with a relatively low credit risk and no default history.
Category 2: customers who are insolvent or in operating difficulty with a relatively higher credit risk.
Category 3: customers who are neither listed nor included in category 2.

With different types of customers, the Group calculated the expected credit loss rates respectively.

As of December 31, 2021, 2022 and 2023 and June 30, 2024, the loss allowance provision for the trade receivables was determined as follows.

| | As at December 31, 2021 | | |
|---|---|---|---|
| | Gross carrying amount | Expected credit loss rate | Loss allowance |
| | RMB'000 | RMB'000 | RMB'000 |
| Category 1 – individual basis | 54,833 | 0.67% | (366) |
| Category 2 – individual basis | 1,937 | 100.00% | (1,937) |
| Category 3 – collective basis | 30,097 | 6.83% | (2,055) |
| | 86,867 | 5.02% | (4,358) |

| | As at December 31, 2022 | | |
|---|---|---|---|
| | Gross carrying amount | Expected credit loss rate | Loss allowance |
| | RMB'000 | RMB'000 | RMB'000 |
| Category 1 – individual basis | 82,136 | 1.59% | (1,307) |
| Category 2 – individual basis | 4,458 | 100.00% | (4,458) |
| Category 3 – collective basis | 114,552 | 3.38% | (3,869) |
| | 201,146 | 4.79% | (9,634) |

| | As at December 31, 2023 | | |
|---|---|---|---|
| | Gross carrying amount | Expected credit loss rate | Loss allowance |
| | RMB'000 | RMB'000 | RMB'000 |
| Category 1 – individual basis | 146,036 | 1.77% | (2,588) |
| Category 2 – individual basis | 5,823 | 100.00% | (5,823) |
| Category 3 – collective basis | 157,185 | 3.50% | (5,494) |
| | 309,044 | 4.50% | (13,905) |

| | As at June 30, 2024 | | |
|---|---|---|---|
| | Gross carrying amount | Expected credit loss rate | Loss allowance |
| | *RMB'000* | *RMB'000* | *RMB'000* |
| Category 1 – individual basis | 170,006 | 3.11% | (5,287) |
| Category 2 – individual basis | 5,468 | 100.00% | (5,468) |
| Category 3 – collective basis | 208,387 | 4.18% | (8,710) |
| | 383,861 | 5.07% | (19,465) |

Notes receivables and financial assets at FVOCI

As at December 31, 2021, 2022 and 2023 and June 30, 2024 the loss allowance of notes receivables and financial assets at FVOCI are determined as follows:

| | As at December 31, | | | As at June 30, |
|---|---|---|---|---|
| | 2021 | 2022 | 2023 | 2024 |
| | *RMB'000* | *RMB'000* | *RMB'000* | *RMB'000* |
| **Expected loss rate** | – | 0.51% | – | – |
| Notes receivables *(Note 21)* | 18,381 | 26,414 | 38,446 | 33,964 |
| Financial assets at FVOCI *(Note 23)* | 38,438 | 23,558 | 36,462 | 7,008 |
| | 56,819 | 49,972 | 74,908 | 40,972 |
| **Loss allowance** | – | (257) | – | – |

(iii) Other receivables

Other receivables that are not credit-impaired on initial recognition are classified in stage 1 and the expected credit losses are measured as 12-month expected credit losses. If a significant increase in credit risk of other receivable has occurred since initial recognition, the financial asset is moved to 'stage 2' but is not yet deemed to be credit impaired. The expected credit losses are measured as lifetime expected credit loss. If any financial asset is credit-impaired, it is then moved to 'stage 3' and the expected credit loss is measured as lifetime expected credit loss.

Management considers the probability of default upon initial recognition of asset and whether there has been significant increase in credit risk on an ongoing basis during the Track Record Period. To assess whether there is a significant increase in credit risk, the Group compares risk of a default occurring on the assets as at the reporting date with the risk of default as at the date of initial recognition. Especially the following indicators are incorporated:

Transfer between stage 1, stage 2 or stage 3 due to other receivables experiencing significant increases (or decreases) of credit risk in the period, and the subsequent "step up" (or "step down") between 12-month and lifetime ECL.

Other receivables derecognized and write-offs of allowance related to assets that were written off during the year.

The Group considers counter – parties as follows:

'Stage 1' – Counter-parties who have a low risk of default and a strong capacity to meet contractual cash flows;

'Stage 2' – Counter-parties whose repayments are past due but with reasonable expectation of recovery;

'Stage 3' – Counter-parties whose repayments are past due and with low reasonable expectation of recovery.

As at December 31, 2021, 2022 and 2023 and June 30, 2024 the loss allowance of other receivables are determined as follows:

| | As at December 31, | | | As at June 30, |
|---|---|---|---|---|
| | 2021 | 2022 | 2023 | 2024 |
| | *RMB'000* | *RMB'000* | *RMB'000* | *RMB'000* |
| **Expected loss rate** | 4.69% | 6.29% | 9.21% | 8.20% |
| Gross carrying amounts – other receivables | 2,688 | 4,879 | 7,815 | 9,918 |
| **Loss allowance** | (126) | (307) | (720) | (813) |

Other receivables mainly include deposits, advance to staff and others. All of the Group's financial assets at amortized cost are measured as either 12-month expected credit losses or lifetime expected credit losses, depending on whether there has been a significant increase in credit risk since initial recognition as described in Note 22. As there has been no significant increase in credit risk since initial recognition, all of the Group's other receivables as at December 31, 2021, 2022 and 2023 and June 30, 2024 were classified in Stage 1 and their expected credit losses were measured on a 12-month basis. Other receivables are written off when there is no reasonable expectation of recovery.

(iv) Other non-current assets

The Group's other non-current assets include long-term receivables, which are sales proceeds collected over a three-year period.

The Group chooses to apply the simplified approach (that is, to measure the loss allowance at an amount equal to lifetime ECL at initial recognition and throughout its life) for long-term receivables which contain a significant financing component.

As at December 31, 2021, 2022 and 2023 and June 30, 2024, the loss allowance of non-current assets are determined as follows:

| | As at December 31, | | | As at June 30, |
|---|---|---|---|---|
| | 2021 | 2022 | 2023 | 2024 |
| | *RMB'000* | *RMB'000* | *RMB'000* | *RMB'000* |
| **Expected loss rate** | – | 39.05% | 100.00% | 50.80% |
| Gross carrying amounts – other non-current assets | 5,283 | 4,435 | 3,420 | 6,305 |
| **Loss allowance** | – | (1,732) | (3,420) | (3,203) |

(v) Summary of impairment of financial assets

Impairment losses on the above mentioned trade related receivables and other receivables are presented as net impairment losses within operating loss. Subsequent recoveries of amounts previously written off are credited against the same line item.

The movement of loss allowance for trade, notes receivables and financial assets at FVOCI, other receivables and other non-current assets during the years ended December 31, 2021, 2022 and 2023 and the six months ended June 30, 2023 and 2024 is as follows:

| | Trade, notes receivables and financial assets at FVOCI | Other receivables | Other non-current assets | Total |
|---|---|---|---|---|
| | *RMB'000* | *RMB'000* | *RMB'000* | *RMB'000* |
| Opening loss allowance as at January 1, 2021 | (2,587) | (30) | – | (2,617) |
| Increase in loss allowance recognized in profit or loss during the year | (2,097) | (99) | – | (2,196) |
| Written off | 326 | 3 | – | 329 |
| As at December 31, 2021 | (4,358) | (126) | – | (4,484) |
| As at January 1, 2022 | (4,358) | (126) | – | (4,484) |
| Increase in loss allowance recognized in profit or loss during the year | (5,601) | (184) | (1,732) | (7,517) |
| Written off | 69 | 3 | – | 72 |
| As at December 31, 2022 | (9,890) | (307) | (1,732) | (11,929) |
| As at January 1, 2023 | (9,890) | (307) | (1,732) | (11,929) |
| Increase in loss allowance recognized in profit or loss during the year | (4,015) | (413) | (1,688) | (6,116) |
| Written off | – | – | – | – |
| As at December 31, 2023 | (13,905) | (720) | (3,420) | (18,045) |
| As at January 1, 2024 | (13,905) | (720) | (3,420) | (18,045) |
| Increase in loss allowance recognized in profit or loss during the period | (6,719) | (93) | 217 | (6,595) |
| Written off | 1,159 | – | – | 1,159 |
| As at June 30, 2024 | (19,465) | (813) | (3,203) | (23,481) |
| *(Unaudited)* | | | | |
| As at January 1, 2023 | (9,890) | (307) | (1,732) | (11,929) |
| Increase in loss allowance recognized in profit or loss during the period | (3,237) | (134) | (1,232) | (4,603) |
| Written off | – | – | – | – |
| As at June 30, 2023 | (13,127) | (441) | (2,964) | (16,532) |

### *(c) Liquidity risk*

Prudent liquidity risk management implies maintaining sufficient cash and cash equivalents. Due to the dynamic nature of the underlying businesses, the policy of the Group is to regularly monitor the Group's liquidity risk and to maintain adequate cash and cash equivalents to meet the Group's liquidity requirements.

*Maturities of financial liabilities*

The table below analyses the Group's financial liabilities into relevant maturity groupings based on their contractual maturities.

The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

| | Less than 1 year | Between 1 and 2 years | Between 2 and 5 years | Total |
|---|---|---|---|---|
| | *RMB'000* | *RMB'000* | *RMB'000* | *RMB'000* |
| **As at December 31, 2021** | | | | |
| Borrowings (including interest payables) | 27,941 | – | – | 27,941 |
| Trade payables and notes payables *(Note 34)* | 32,186 | – | – | 32,186 |
| Other payables and accruals (excluding payroll and welfare payables, VAT and other taxes payables and warranty provision) | 214,123 | – | – | 214,123 |
| Lease liabilities | 9,520 | 5,042 | 1,710 | 16,272 |
| | 283,770 | 5,042 | 1,710 | 290,522 |

| | Less than 1 year | Between 1 and 2 years | Between 2 and 5 years | Total |
|---|---|---|---|---|
| | *RMB'000* | *RMB'000* | *RMB'000* | *RMB'000* |
| **As at December 31, 2022** | | | | |
| Borrowings (including interest payables) | 56,595 | – | – | 56,595 |
| Trade payables and notes payables *(Note 34)* | 111,196 | – | – | 111,196 |
| Other payables and accruals (excluding payroll and welfare payables, VAT and other taxes payables and warranty provision) | 13,819 | – | – | 13,819 |
| Lease liabilities | 8,463 | 4,345 | 2,063 | 14,871 |
| | 190,073 | 4,345 | 2,063 | 196,481 |

| | Less than 1 year | Between 1 and 2 years | Between 2 and 5 years | Total |
|---|---|---|---|---|
| | *RMB'000* | *RMB'000* | *RMB'000* | *RMB'000* |
| **As at December 31, 2023** | | | | |
| Borrowings (including interest payables) | 78,545 | 19,118 | – | 97,663 |
| Trade payables and notes payables *(Note 34)* | 130,098 | – | – | 130,098 |
| Other payables and accruals (excluding salaries and welfare payables, VAT and other taxes payables and warranty provision) | 16,565 | – | – | 16,565 |
| Lease liabilities | 16,485 | 14,831 | 4,915 | 36,231 |
| | 241,693 | 33,949 | 4,915 | 280,557 |

| | Less than 1 year | Between 1 and 2 years | Between 2 and 5 years | Total |
|---|---|---|---|---|
| | *RMB'000* | *RMB'000* | *RMB'000* | *RMB'000* |
| **As at June 30, 2024** | | | | |
| Borrowings (including interest payables) | 138,983 | 47,460 | – | 186,443 |
| Trade payables and notes payables *(Note 34)* | 149,505 | – | – | 149,505 |
| Other payables and accruals (excluding salaries and welfare payables, VAT and other taxes payables and warranty provision) | 26,430 | – | – | 26,430 |
| Lease liabilities | 16,742 | 11,960 | 552 | 29,254 |
| | 331,660 | 59,420 | 552 | 391,632 |

**3.2 Capital management**

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for equity holders and to maintain an optimal capital structure to reduce the cost of capital.

The Group monitors capital by regularly reviewing the capital structure. As a part of this review, management of the Company considers the cost of capital and the risks associated with the issued share capital. The Group may adjust the amounts of dividends paid to equity holders, return capital to equity holders, issue new shares or repurchase the Company's shares. In the opinion of the management of the Company, the Group's capital risk is low. As a result, capital risk is not significant for the Group and measurement of capital management is not a tool currently used in the internal management reporting procedures of the Group.

As at December 31, 2021, 2022 and 2023 and June 30, 2024, the liability-to-asset ratios were as follows:

| | As at December 31, | | | As at June 30, |
|---|---|---|---|---|
| | 2021 | 2022 | 2023 | 2024 |
| | *RMB'000* | *RMB'000* | *RMB'000* | *RMB'000* |
| Total liabilities | 328,625 | 272,934 | 334,734 | 431,422 |
| Total assets | 745,685 | 817,007 | 1,087,808 | 1,087,759 |
| Liability-to-asset ratio | 44.07% | 33.41% | 30.77% | 39.66% |

### 3.3 Fair value estimation

#### *(a) Fair value hierarchy*

This section explains the judgements and estimates made in determining the fair values of the financial instruments that are recognized and measured at fair value in the statements of balance sheets. To provide an indication about the reliability of the inputs used in determining fair value, the Group has classified its financial instruments into the three levels prescribed under the accounting standards.

- Level 1: The fair value of financial instruments traded in active markets (such as publicly traded derivatives, and equity securities) is based on quoted market prices at the end of the Track Record Period. The quoted market price used for financial assets held by the Group is the current bid price. These instruments are included in level 1.
- Level 2: The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined using valuation techniques which maximize the use of observable market data and rely as little as possible on entity-specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.
- Level 3: If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3. This is the case for unlisted equity securities.

The following table presents the Group's assets and liabilities that are measured at fair value as at December 31, 2021, 2022 and 2023 and June 30, 2024:

| | Level 1 | Level 2 | Level 3 | Total |
|---|---|---|---|---|
| | *RMB'000* | *RMB'000* | *RMB'000* | *RMB'000* |
| **As at December 31, 2021** | | | | |
| Assets | | | | |
| Financial assets at FVOCI *(Note 23)* | – | – | 38,438 | 38,438 |
| Financial assets at FVPL *(Note 24)* | – | – | 135,187 | 135,187 |
| | – | – | 173,625 | 173,625 |

| | Level 1 | Level 2 | Level 3 | Total |
|---|---|---|---|---|
| | *RMB'000* | *RMB'000* | *RMB'000* | *RMB'000* |
| **As at December 31, 2022** | | | | |
| Assets | | | | |
| Financial assets at FVOCI *(Note 23)* | – | – | 23,558 | 23,558 |
| Financial assets at FVPL *(Note 24)* | – | – | 44,581 | 44,581 |
| | – | – | 68,139 | 68,139 |

| | Level 1 | Level 2 | Level 3 | Total |
|---|---|---|---|---|
| | *RMB'000* | *RMB'000* | *RMB'000* | *RMB'000* |
| **As at December 31, 2023** | | | | |
| Assets | | | | |
| Financial assets at FVOCI *(Note 23)* | – | – | 36,462 | 36,462 |
| Financial assets at FVPL *(Note 24)* | – | – | 210,597 | 210,597 |
| | – | – | 247,059 | 247,059 |

| | Level 1 | Level 2 | Level 3 | Total |
|---|---|---|---|---|
| | *RMB'000* | *RMB'000* | *RMB'000* | *RMB'000* |
| **As at June 30, 2024** | | | | |
| Assets | | | | |
| Financial assets at FVOCI *(Note 23)* | – | – | 7,008 | 7,008 |
| Financial assets at FVPL *(Note 24)* | – | – | 120,901 | 120,901 |
| | – | – | 127,909 | 127,909 |

The Group's policy is to recognize transfers into and out of fair value hierarchy levels as at the end of each Track Record Period.

***(b) Valuation process and technique used to determine fair value***

Specific valuation techniques used to value financial instruments include:

- Quoted market prices or dealer quotes for similar instruments; and
- Other techniques, such as discounted cash flow analysis, are used to determine fair value for the remaining financial instruments.

There were no changes in valuation techniques during the Track Record Period.

The fair value of trade and notes receivables, other receivables, cash and cash equivalents, trade payables, other payables and accruals (excluding salaries and welfare payables, VAT and other taxes payables and warranty provision), current borrowings, and lease liabilities approximated their carrying amounts due to their short maturities or interest bearing.

***(c) Fair value measurements using significant unobservable inputs (level 3)***

The following table presents the changes in level 3 items for the years ended December 31, 2021, 2022 and 2023 and the six months ended June 30, 2023 and 2024:

| | Financial assets at FVOCI |
|---|---|
| | *RMB'000* |
| As at January 1, 2021 | 3,225 |
| Acquisitions | 110,170 |
| Disposals | (74,957) |
| As at December 31, 2021 | 38,438 |
| | |
| As at January 1, 2022 | 38,438 |
| Acquisitions | 59,344 |
| Disposals | (74,224) |
| As at December 31, 2022 | 23,558 |
| | |
| As at January 1, 2023 | 23,558 |
| Acquisitions | 108,438 |
| Disposals | (95,534) |
| As at December 31, 2023 | 36,462 |
| | |
| As at January 1, 2024 | 36,462 |
| Acquisitions | 57,374 |
| Disposals | (86,828) |
| As at June 30, 2024 | 7,008 |

| | Financial assets at FVOCI |
|---|---|
| | *RMB'000* |
| *(Unaudited)* | |
| As at January 1, 2023 | 23,558 |
| Acquisitions | 46,113 |
| Disposals | (47,943) |
| As at June 30, 2023 | 21,728 |

| | Financial assets at FVPL |
|---|---|
| | *RMB'000* |
| As at January 1, 2021 | 91,349 |
| Acquisitions | 485,500 |
| Disposals | (444,351) |
| Fair value gains *(Note 7)* | 2,689 |
| As at December 31, 2021 | 135,187 |
| As at January 1, 2022 | 135,187 |
| Acquisitions | 2,040,800 |
| Disposals | (2,139,460) |
| Fair value gains *(Note 7)* | 8,054 |
| As at December 31, 2022 | 44,581 |
| As at January 1, 2023 | 44,581 |
| Acquisitions | 1,652,200 |
| Disposals | (1,489,970) |
| Fair value gains *(Note 7)* | 3,786 |
| As at December 31, 2023 | 210,597 |
| As at January 1, 2024 | 210,597 |
| Acquisitions | 1,054,300 |
| Disposals | (1,146,381) |
| Fair value gains *(Note 7)* | 2,385 |
| As at June 30, 2024 | 120,901 |
| *(Unaudited)* | |
| As at January 1, 2023 | 44,581 |
| Acquisitions | 712,600 |
| Disposals | (671,983) |
| Fair value gains *(Note 7)* | 1,414 |
| As at June 30, 2023 | 86,612 |

The changes of financial assets at FVOCI for the years ended December 31, 2021, 2022 and 2023 and the six months ended June 30, 2023 and 2024 have been presented in Note 23. The changes of financial assets at FVPL for the years ended December 31, 2021, 2022 and 2023 and the six months ended June 30, 2023 and 2024 have been presented in Note 24.

***(d) There were no transfers between levels 1, 2 and 3 for recurring fair value measurements during the Track Record Period.***

***(e) Valuation inputs and relationships to fair value***

The following table summarizes the quantitative information about the significant unobservable inputs used in recurring level 3 fair value measurements.

**As at December 31, 2021**

| Description | Fair value | Unobservable inputs | Range of inputs | Relationship of unobservable inputs to fair value |
|---|---|---|---|---|
| | *RMB'000* | | | |
| Structured deposits and wealth management products . . . . . . . . . . . | 135,187 | Expected rate of return | 1.6%-3.55% | The higher the expected rate of return, the higher the fair value |
| Financial assets at FVOCI – Notes receivables . . . . | 38,438 | Discounted rate | 1.29%-1.66% | The higher the discounted rate, the lower the fair value |

**As at December 31, 2022**

| Description | Fair value | Unobservable inputs | Range of inputs | Relationship of unobservable inputs to fair value |
|---|---|---|---|---|
| | *RMB'000* | | | |
| Structured deposits and wealth management products . . . . . . . . . . . | 44,581 | Expected rate of return | 1.88%-3.94% | The higher the expected rate of return, the higher the fair value |
| Financial assets at FVOCI – Notes receivables . . . . | 23,558 | Discounted rate | 1.56%-1.62% | The higher the discounted rate, the lower the fair value |

**As at December 31, 2023**

| Description | Fair value | Unobservable inputs | Range of inputs | Relationship of unobservable inputs to fair value |
|---|---|---|---|---|
| | *RMB'000* | | | |
| Structured deposits and wealth management products . . . . . . . . . . . | 210,597 | Expected rate of return | 1%-2.8% | The higher the expected rate of return, the higher the fair value |
| Financial assets at FVOCI – Notes receivable . . . . | 36,462 | Discounted rate | 1.03%-1.7% | The higher the discounted rate, the lower the fair value |

**As at June 30, 2024**

| Description | Fair value | Unobservable inputs | Range of inputs | Relationship of unobservable inputs to fair value |
|---|---|---|---|---|
| | *RMB'000* | | | |
| Structured deposits and wealth management products . . . . . . . . . . . | 120,901 | Expected rate of return | 1%-2.8% | The higher the expected rate of return, the higher the fair value |
| Financial assets at FVOCI – Notes receivables . . . . | 7,008 | Discounted rate | 1.29%-1.5% | The higher the discounted rate, the lower the fair value |

There were no significant inter-relationships between unobservable inputs that materially affect fair values.

## 4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of Historical Financial Information requires the use of accounting estimates which, by definition, will seldom equal the actual results. Management also needs to exercise judgement in applying the Group's accounting policies.

Estimates and judgements are continually evaluated. They are based on historical experience and other factors, including expectations of future events that may have a financial impact on the entity and that are believed to be reasonable under the circumstances. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.

### (a) Impairment of financial assets

The loss allowances for financial assets are based on assumptions about risk of default and expected loss rates. The Group uses judgement in making these assumptions and selecting the inputs to the impairment calculation, based on the Group's past history, existing market conditions, as well as forward-looking estimates at the end of each Track Record Period. Details of the key assumptions and inputs used are disclosed in the tables in Note 3.1.

### (b) Inventory provision

Inventories are stated at the lower of cost and net realizable value. The net realizable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale. Even though the management of the Group has made the best estimate about the inventory write-down loss predicted to occur and provided allowance for write-down, the write-down assessment may still be significantly changed due to the change of market situations.

### (c) Fair value of financial assets at FVPL

The fair value of financial assets that are not traded in an active market is determined by using valuation techniques. The Group uses its judgment to select a variety of methods and make assumptions that are mainly based on market conditions existing at the end of each Track Record Period. Changes in these assumptions and estimates could materially affect the respective fair value of these investments. Details of the assumptions and estimates in determination of the fair value are disclosed in Note 3.3.

### (d) Income taxes and deferred taxations

There are many transactions and events for which the ultimate tax determination is uncertain during the ordinary course of business. Significant judgments are required from the Group in determining the provisions for income taxes. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred income tax provisions in the period in which such determination is made.

The Group recognizes deferred income tax assets based on estimates that it is probable to generate sufficient taxable profits in the foreseeable future against which the deductible losses will be utilized. The recognition of deferred income tax assets mainly involves management's judgments and estimations about the timing and the amount of taxable profits of the companies who has tax losses.

### (e) Recognition of share-based payment expenses

As disclosed in Note 29, the Group granted shares to the Group's employees, which are viewed as share-based payment transaction in substance. These transactions resulted in the recognition of share-based payment expenses. The directors of the Company calculate the fair value of each awarded restricted shares based on the most recent transaction price of the Company's shares at the grant date. Significant estimate on assumptions are made based on management's best estimates.

**(f) Estimation of provision for warranty claims**

Provision for product warranties granted by the Group in respect of certain products are recognized based on sales volume and past experience of the level of repair. The Group accrues a warranty reserve for the goods sold by multiplying the expected unit costs for warranty services by the sales volume, which includes the best estimate of projected costs to repair or replace items under warranties. Factors that affect the Group's warranty liability include the number of products sold under warranty, historical and anticipated rates of warranty claim on those products, and cost per claim to satisfy the warranty obligation. The estimation basis is reviewed on an on-going basis and revised where appropriate.

**(g) Impairment of non-financial assets**

Assets that are subject to amortization or depreciation are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized in profit or loss for the amount by which the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units).

The Group mainly focuses on intelligent driving and cabin solutions. During the Track Record Period, the Group's products are mainly manufactured by external factories. As of December 31, 2021, 2022 and 2023 and June 30, 2024, non-financial assets of the Group mainly include leased buildings, equipment and software held for the overall R&D activities and daily operations, which are identified as one single cash generating unit ("CGU") for impairment testing purpose. The recoverable amount of the CGU at the end of the reporting period had been determined based on value in use calculations, using cash flow projections based on management's approved financial forecasts. Key assumptions applied in preparing the cash flow projections included revenue growth rate and gross profit rate. Based on the result of the assessment, the recoverable amount exceeded the carrying amount of the CGU with sufficient headroom. Hence, no impairment of non-financial assets was recognized during the years ended December 31, 2021, 2022 and 2023 and the six months ended June 30, 2023 and 2024.

## 5. REVENUE AND SEGMENT INFORMATION

**(a) Description of segments and principal activities**

During the Track Record Period, the Group is engaged in the development, manufacture and sales of intelligent driving products and solutions. The executive directors of the Company review the operating results of the business as one operating segment to make strategic decisions and resources allocation. Therefore, the Group regards that there is only one business segment which is used to make strategic decisions.

***Geographical information***

Majority of the group's business and operations are conducted in Mainland China and currently, the Group's principal market, majority of revenue, operating loss and non-current assets are derived from/located in the PRC. Accordingly, no geographical segment information is presented.

**(b) Revenue during the Track Record Period**

| | Year ended December 31, | | | Six months ended June 30, | |
|---|---|---|---|---|---|
| | 2021 | 2022 | 2023 | 2023 | 2024 |
| | *RMB'000* | *RMB'000* | *RMB'000* | *RMB'000* *(Unaudited)* | *RMB'000* |
| Sales of products | 171,778 | 251,001 | 356,356 | 132,521 | 199,958 |
| Services and Vehicle infrastructure cooperative systems | 1,937 | 18,598 | 119,594 | 31,195 | 36,487 |
| Others (i) | 1,459 | 9,759 | 256 | 118 | 230 |
| | 175,174 | 279,358 | 476,206 | 163,834 | 236,675 |

All the Group's revenue is recognized at a point in time.

*(i)* Others mainly refer to revenue generated from sales of spare parts and rendering maintenance services.

**(c) Contract liabilities**

The Group recognized the following contract liabilities related to the contracts with customers:

| | As at December 31, | | | As at June 30, |
|---|---|---|---|---|
| | 2021 | 2022 | 2023 | 2024 |
| | *RMB'000* | *RMB'000* | *RMB'000* | *RMB'000* |
| Contract liabilities | 3,928 | 24,029 | 5,405 | 3,210 |

Contract liabilities of the Group mainly arise from the advance payments made by customers while the underlying services or goods are yet to be provided.

The Company has recognized the following contract liabilities related to contracts with customers:

| | As at December 31, | | | As at June 30, |
|---|---|---|---|---|
| | 2021 | 2022 | 2023 | 2024 |
| | *RMB'000* | *RMB'000* | *RMB'000* | *RMB'000* |
| Contract liabilities | 1,940 | 1,005 | 973 | 714 |

*Revenue recognized in relation to contract liabilities*

The following table shows how much of the revenue recognized during the Track Record Periods relates to carried-forward contract liabilities.

| | Year ended December 31, | | | Six months ended June 30, | |
|---|---|---|---|---|---|
| | 2021 | 2022 | 2023 | 2023 | 2024 |
| | *RMB'000* | *RMB'000* | *RMB'000* | *RMB'000* *(Unaudited)* | *RMB'000* |
| Revenue recognized that was included in the contract liabilities balance at the beginning of the year/period | 2,709 | 2,230 | 21,678 | 7,565 | 3,605 |

***(i) Assets recognized from costs to fulfill contracts***

| | As at December 31, | | | As at June 30, |
|---|---|---|---|---|
| | 2021 | 2022 | 2023 | 2024 |
| | *RMB'000* | *RMB'000* | *RMB'000* | *RMB'000* |
| Assets recognized from costs incurred to fulfill contracts *(Note 20)* | 23,976 | 72,002 | 26,732 | 26,867 |
| Impairment loss recognized as cost of providing services during the year/period | – | (731) | (2,247) | (2,330) |
| | 23,976 | 71,271 | 24,485 | 24,537 |

There were no unsatisfied performance obligations to which the transaction price should be allocated as at December 31, 2021, 2022 and 2023 and June 30, 2024.

**(d) Information about major customers**

For the years ended December 31, 2021, 2022 and 2023 and the six months ended June 30, 2023 and 2024, revenue derived from customers who accounted for more than 10% of total revenue were set out below:

| | Year ended December 31, | | | Six months ended June 30, | |
|---|---|---|---|---|---|
| | 2021 | 2022 | 2023 | 2023 | 2024 |
| | *RMB'000* | *RMB'000* | *RMB'000* | *RMB'000* | *RMB'000* |
| Customer 1 . . . . . . . . . . | 31.74% | N/A | N/A | N/A | N/A |
| Customer 2 . . . . . . . . . . | 20.93% | N/A | N/A | N/A | 10.47% |
| Customer 3 . . . . . . . . . . | 13.70% | 16.57% | 11.36% | N/A | N/A |

*N/A:* The customer contributed less than 10% of total revenue for the corresponding year/period.

**(e) Revenue recognition**

Revenue is recognized when or as the control of the goods or services is transferred to a customer. A customer is the party that contracts with the Group to purchase goods or services which are the output of the Group's ordinary activities in exchange for consideration.

Contracts with customers may include multiple performance obligations. For such arrangements, the Group allocates revenue to each performance obligation based on its relative standalone selling price. The Group generally determines standalone selling prices based on the prices charged to customers. If the standalone selling price is not directly observable, it is estimated using expected cost plus a margin or adjusted market assessment approach, depending on the availability of observable information. Assumptions and estimations have been made in estimating the relative selling price of each distinct performance obligation, and changes in judgments on these assumptions and estimates may impact the revenue recognition.

When either party to a contract has performed, the Group presents the contract on the consolidated statements of balance sheets as a contract asset or a contract liability, depending on the relationship between the entity's performance and the customer's payment.

If a customer pays consideration or the Group has a right to an amount of consideration that is unconditional, before the Group transfers a good or service to the customer, the Group presents the contract liability when the payment is made or a receivable is recorded (whichever is earlier). A contract liability is the Group's obligation to transfer goods or services to a customer for which the Group has received consideration (or an amount of consideration is due) from the customer.

The revenue is measured at the transaction price agreed under the contract. Amounts disclosed as revenue are net of return, trade allowances and amounts collected on behalf of third parties.

The accounting policies for the Group's principal revenue sources are as follows:

***(i) Sales of products***

The Group manufactures and sells intelligent driving products in the market, and generates revenue from sales of driving assistance products (iSafety), intelligent navigation assistance products (iPilot), intelligent cabin products (iCabin) and other related products.

The revenue for sales of products mentioned above is recognized at a point in time when the control of the products mentioned above are transferred to the customer. Specifically, sales are recognized when the products have been shipped to the specific location in accordance with the sales contract and the customers have inspected and accepted the products.

*(ii) Services and Vehicle infrastructure cooperative systems*

The Group provides services and vehicle infrastructure cooperative systems to customers. The Group recognizes revenue at a point in time when performance obligations are satisfied as well as the agreed deliverables are accepted by customers. The Group does not have any enforceable right to payment before the agreed deliverables are accepted by customers.

*(iii) Others*

Others mainly refer to revenue generated from sales of spare parts and rendering maintenance services. The revenue is recognized at a point in time.

## 6. OTHER INCOME

| | Year ended December 31, | | | Six months ended June 30, | |
|---|---|---|---|---|---|
| | 2021 | 2022 | 2023 | 2023 | 2024 |
| | *RMB'000* | *RMB'000* | *RMB'000* | *RMB'000* *(Unaudited)* | *RMB'000* |
| Government grants | 20,381 | 4,734 | 21,370 | 2,532 | 3,214 |
| Value added tax ("VAT") refund | 3,527 | – | 6,552 | 628 | 3,045 |
| | 23,908 | 4,734 | 27,922 | 3,160 | 6,259 |

During the years ended December 31, 2021, 2022 and 2023 and the six months ended June 30, 2023 and 2024, the government grants mainly include financial subsidies from local government authorities with certain specified conditions, as well as the amortization of deferred government grants. There are no unfulfilled conditions or other contingencies attaching to the grants recognized.

## 7. OTHER GAINS – NET

| | Year ended December 31, | | | Six months ended June 30, | |
|---|---|---|---|---|---|
| | 2021 | 2022 | 2023 | 2023 | 2024 |
| | *RMB'000* | *RMB'000* | *RMB'000* | *RMB'000* *(Unaudited)* | *RMB'000* |
| Net fair value gains on financial assets at FVPL *(Note 24)* | 2,689 | 8,054 | 3,786 | 1,414 | 2,385 |
| Net foreign exchange losses | (174) | (96) | (198) | (148) | (204) |
| Donation expenditure | (118) | (175) | (50) | – | – |
| Net gains on disposals of property, plant and equipment | – | (2) | (47) | (2) | (54) |
| Net gains/(losses) from termination of leases | 8 | 61 | (13) | 22 | – |
| Overdue fine | (7) | (29) | – | (2) | (1) |
| Others | (382) | (1,479) | (2,140) | (462) | 375 |
| | 2,016 | 6,334 | 1,338 | 822 | 2,501 |

## 8. EXPENSES BY NATURE

The detailed analysis of cost of sales, selling expenses, general and administrative expenses and research and development expenses is as follow:

| | Year ended December 31, | | | Six months ended June 30, | |
|---|---|---|---|---|---|
| | 2021 | 2022 | 2023 | 2023 | 2024 |
| | *RMB'000* | *RMB'000* | *RMB'000* | *RMB'000* *(Unaudited)* | *RMB'000* |
| Changes in inventories of finished goods and working in progress *(Note 20)* | 35,886 | (1,886) | (25,616) | (14,497) | 5,501 |
| Raw materials and consumables used *(Note 20)* | 102,815 | 212,662 | 379,514 | 138,794 | 160,660 |
| Employee benefit expenses *(Note 9)* | 107,858 | 166,395 | 180,703 | 90,052 | 86,751 |
| Services fees | 18,863 | 30,926 | 50,206 | 27,295 | 18,940 |
| Share-based payment *(Note 9,29)* | 8,802 | 14,960 | 22,401 | 11,200 | 15,311 |
| Office and travel expenses | 15,590 | 18,785 | 22,033 | 10,366 | 7,562 |
| Depreciation of right-of-use assets *(Note 16)* | 5,400 | 9,608 | 14,588 | 6,989 | 7,626 |
| Depreciation and amortization *(Notes 15,17,18)* | 3,793 | 8,107 | 12,033 | 5,886 | 7,121 |
| Advertising and publicity expenses | 4,892 | 5,386 | 6,949 | 3,316 | 1,029 |
| Provision for impairment of inventories *(Note 20)* | 4,494 | 5,347 | 6,235 | 4,747 | 9,119 |
| Processing expenses | 5,024 | 2,543 | 4,969 | 2,295 | 3,133 |
| Warranty costs | 2,270 | 2,451 | 4,417 | 1,756 | 1,712 |
| Outsourced installation expenses | 3,337 | 8,082 | 4,087 | 1,109 | 1,466 |
| Testing expenses | 4,900 | 5,010 | 2,242 | 317 | 362 |
| Legal and professional fees | 3,866 | 5,060 | 3,945 | 1,300 | 532 |
| Listing expenses | – | – | – | – | 14,298 |
| Others | 9,755 | 9,844 | 16,333 | 4,591 | 7,652 |
| | 337,545 | 503,280 | 705,039 | 295,516 | 348,775 |

## 9. EMPLOYEE BENEFIT EXPENSES

| | Year ended December 31, | | | Six months ended June 30, | |
|---|---|---|---|---|---|
| | 2021 | 2022 | 2023 | 2023 | 2024 |
| | *RMB'000* | *RMB'000* | *RMB'000* | *RMB'000* *(Unaudited)* | *RMB'000* |
| Wages, salaries and bonuses | 95,457 | 147,217 | 157,566 | 79,461 | 75,339 |
| Share-based payment expenses *(Note 29)* | 8,802 | 14,960 | 22,401 | 11,200 | 15,311 |
| Pension obligations, housing funds, medical insurances and other social insurances *(a)* | 9,218 | 14,028 | 16,691 | 8,062 | 7,962 |
| Other employee benefits *(b)* | 3,183 | 5,150 | 6,446 | 2,529 | 3,450 |
| | 116,660 | 181,355 | 203,104 | 101,252 | 102,062 |

### (a) Pension obligations, housing funds, medical insurances and other social insurances

Full time employees of the Group in the PRC are members of a state-managed retirement benefit schemes operated by the PRC government. The Group is required to contribute a specified percentage of payroll costs, subject to certain ceiling, as determined by local government authority to the pension obligations, housing funds, medical insurances and other social insurances to fund the benefits. The Group's liabilities in respect of benefits schemes are limited to the contribution payable in each year.

No forfeited contributions were utilized during the reporting period to offset the Group's contribution to the above mentioned retirement benefit schemes.

### (b) Other employee benefits

Other employee benefits mainly include termination benefits and employee welfare expenses.

### (c) Five highest paid employees

The five individuals whose emoluments were the highest in the Group for the years ended December 31, 2021, 2022 and 2023 and the six months ended June 30, 2023 and 2024 include no director, whose emoluments are disclosed in the Note 37. The emoluments payable to the 5 highest paid individuals during the Track Record Period are as follows:

| | Year ended December 31, | | | Six months ended June 30, | |
|---|---|---|---|---|---|
| | 2021 | 2022 | 2023 | 2023 | 2024 |
| | *RMB'000* | *RMB'000* | *RMB'000* | *RMB'000* *(Unaudited)* | *RMB'000* |
| Wages, salaries and bonuses | 4,033 | 4,537 | 3,631 | 1,835 | 2,033 |
| Share-based payment expenses | 4,264 | 5,339 | 7,730 | 3,866 | 4,980 |
| Pension obligations, housing funds, medical insurances and other social insurances | 186 | 232 | 182 | 90 | 101 |
| | 8,483 | 10,108 | 11,543 | 5,791 | 7,114 |

The emoluments fell within the following bands:

| | Year ended December 31, | | | Six months ended June 30, | |
|---|---|---|---|---|---|
| | 2021 | 2022 | 2023 | 2023 | 2024 |
| | *RMB'000* | *RMB'000* | *RMB'000* | *RMB'000* *(Unaudited)* | *RMB'000* |
| Emolument bands (in Hong Kong dollars) | | | | | |
| HKD500,001-HKD1,000,000 | 2 | – | – | 2 | – |
| HKD1,000,001-HKD1,500,000 | 2 | 2 | 1 | 2 | 2 |
| HKD1,500,001-HKD2,000,000 | – | 2 | 2 | 1 | 3 |
| HKD2,000,001-HKD2,500,000 | – | – | 1 | – | – |
| HKD2,500,001-HKD3,000,000 | 1 | 1 | 1 | – | – |
| | 5 | 5 | 5 | 5 | 5 |

## 10. FINANCE COSTS – NET

| | Year ended December 31, | | | Six months ended June 30, | |
|---|---|---|---|---|---|
| | 2021 | 2022 | 2023 | 2023 | 2024 |
| | *RMB'000* | *RMB'000* | *RMB'000* | *RMB'000* *(Unaudited)* | *RMB'000* |
| **Finance income** | | | | | |
| Interest income from cash and cash equivalents | 65 | 909 | 1,760 | 890 | 1,606 |
| Other interest income | 147 | 325 | 207 | 124 | 63 |
| Total finance income | 212 | 1,234 | 1,967 | 1,014 | 1,669 |
| **Finance costs** | | | | | |
| Interest expenses on bank borrowings | (472) | (858) | (2,139) | (1,082) | (3,039) |
| Interest expenses on lease liabilities | (444) | (663) | (1,234) | (428) | (743) |
| Total finance costs | (916) | (1,521) | (3,373) | (1,510) | (3,782) |
| Finance costs – net | (704) | (287) | (1,406) | (496) | (2,113) |

## 11. NET IMPAIRMENT LOSSES ON FINANCIAL ASSETS

| | Year ended December 31, | | | Six months ended June 30, | |
|---|---|---|---|---|---|
| | 2021 | 2022 | 2023 | 2023 | 2024 |
| | *RMB'000* | *RMB'000* | *RMB'000* | *RMB'000* *(Unaudited)* | *RMB'000* |
| Impairment losses – net: | | | | | |
| – trade and notes receivables | (2,097) | (5,601) | (4,015) | (3,237) | (6,719) |
| – other non-current assets | – | (1,732) | (1,688) | (1,232) | 217 |
| – other receivables | (99) | (184) | (413) | (134) | (93) |
| | (2,196) | (7,517) | (6,116) | (4,603) | (6,595) |

## 12. INCOME TAX EXPENSE

| | Year ended December 31, | | | Six months ended June 30, | |
|---|---|---|---|---|---|
| | 2021 | 2022 | 2023 | 2023 | 2024 |
| | *RMB'000* | *RMB'000* | *RMB'000* | *RMB'000* *(Unaudited)* | *RMB'000* |
| Current income tax expense | 450 | 172 | 60 | 33 | – |
| Deferred income tax expense | – | – | – | – | – |
| | 450 | 172 | 60 | 33 | – |

Taxes on profits assessable have been calculated at the rates of tax prevailing in the jurisdictions in which relevant entities operate.

### (i) PRC corporate income tax ("PRC CIT")

The Company and its subsidiaries in the PRC are subject to PRC CIT which is calculated based on the applicable tax rate of 25% on the assessable profits of the subsidiaries in accordance with PRC tax laws and regulations for the Track Record Period, except for disclosed below.

The Company obtained its High and New Technology Enterprises ("HNTE") status in year 2017 and hence is entitled to a preferential tax rate of 15% for a three-year period commencing 2017. In 2020 and 2023, the Company succeeded the qualification for HNTE and is therefore subject to a preferential income tax rate of 15% for a three-year period commencing 2020 and 2023. In addition, the Group's subsidiary, Nanjing Youjia Technology Co., Ltd. (南京佑駕科技有限公司) was qualified as HNTE in year 2020 and succeeded the qualification for HNTE in 2023 and the approval was obtained in 2023.

According to a policy promulgated by the State Tax Bureau of the PRC and effective from 2018 onwards, enterprises engaged in R&D activities are entitled to claim an additional tax deduction amounting to 75% of the qualified R&D expenses incurred in determining its tax assessable profits for that year ("Super Deduction"). Starting from March 2021, the additional deduction ratio increased to 100% for manufacturing industry. Starting from October 1, 2022, the additional deduction ratio was increased to 100% for other industries.

During the years ended December 31, 2021, 2022 and 2023 and the six months ended June 30, 2023 and 2024, certain subsidiaries in mainland China qualified as "small low-profit enterprises" under the Enterprise Income Tax Law of the PRC and enjoyed a preferential income tax rate of 20%.

The difference between the actual income tax expense charged to the consolidated statements of comprehensive loss and the amounts which would result from applying the enacted tax rates to loss before income tax can be reconciled as follows:

| | Year ended December 31, | | | Six months ended June 30, | |
|---|---|---|---|---|---|
| | 2021 | 2022 | 2023 | 2023 | 2024 |
| | *RMB'000* | *RMB'000* | *RMB'000* | *RMB'000* *(Unaudited)* | *RMB'000* |
| Loss before income tax | (139,347) | (220,658) | (207,095) | (132,799) | (112,048) |
| Income tax credit computed at the applicable income tax rate of 25% | (34,837) | (55,164) | (51,774) | (33,200) | (28,012) |
| Tax effects of Preferential tax rate | 11,879 | 19,830 | 19,831 | 11,853 | 11,804 |
| Tax losses for which no deferred tax asset was recognized | 30,403 | 48,655 | 50,358 | 31,244 | 22,100 |
| Super deduction in respect of R&D expenditures | (12,222) | (21,447) | (25,690) | (13,354) | (10,775) |
| Expenses not deductible for taxation purposes | 974 | 1,003 | 654 | 342 | 307 |
| Temporary differences for which no deferred income tax asset was recognized | 4,253 | 7,295 | 6,681 | 3,148 | 4,576 |
| Income tax expense | 450 | 172 | 60 | 33 | – |

The Group principally conducted its business in Mainland China, where the accumulated tax losses will normally expire within 5 years. Pursuant to the relevant regulations on extension for expiries of unused tax losses of HNTE issued in August 2017, the expiry period of the accumulated unexpired tax losses of the Company, which is qualified as HNTE, from 2017 had been extended from 5 years to 10 years. The Company re-applied for HNTE status in 2020 and 2023 and the approval was obtained in 2020 and 2023. The expiry period of the accumulated unexpired tax losses of Group's subsidiary, Nanjing Youjia Technology Co., Ltd. (南京佑駕科技有限公司) which is qualified as HNTE, from 2020 had been extended from 5 years to 10 years. Nanjing Youjia re-applied for HNTE status in 2023.

Deductible losses that are not recognized for deferred income tax assets will expire as follows:

| | Year ended December 31, | | | Six months ended June 30, | |
|---|---|---|---|---|---|
| | 2021 | 2022 | 2023 | 2023 | 2024 |
| | *RMB'000* | *RMB'000* | *RMB'000* | *RMB'000* *(Unaudited)* | *RMB'000* |
| 2023 | 863 | 863 | – | – | – |
| 2024 | 4,459 | 4,459 | 4,459 | 4,459 | – |
| 2025 | 9,136 | 9,136 | 9,136 | 9,136 | 9,136 |
| 2026 | 37,649 | 37,649 | 37,649 | 37,649 | 37,649 |
| 2027 | 27,153 | 64,928 | 64,928 | 64,928 | 64,928 |
| 2028 | 58,320 | 58,320 | 143,869 | 94,351 | 143,869 |
| 2029 | 62,233 | 62,233 | 62,233 | 62,233 | 104,699 |
| 2030 | 125,980 | 125,980 | 125,980 | 125,980 | 125,980 |
| 2031 | 181,539 | 181,539 | 181,539 | 181,539 | 181,539 |
| 2032 | – | 279,394 | 279,394 | 279,394 | 279,394 |
| 2033 | – | – | 248,832 | 154,382 | 248,832 |
| 2034 | – | – | – | – | 99,837 |
| | 507,332 | 824,501 | 1,158,019 | 1,014,051 | 1,295,863 |

## 13. LOSS PER SHARE

### (a) Basic loss per share

Basic loss per share for the years ended December 31, 2021, 2022 and 2023 and the six months ended June 30, 2023 and 2024 are calculated by dividing the loss attributable to the owners of the Company by the weighted average number of ordinary shares in issue during the year.

| | Year ended December 31, | | | Six months ended June 30, | |
|---|---|---|---|---|---|
| | 2021 | 2022 | 2023 | 2023 | 2024 |
| | *RMB'000* | *RMB'000* | *RMB'000* | *RMB'000* *(Unaudited)* | *RMB'000* |
| Loss attributable to owners of the Company | (132,220) | (214,864) | (197,238) | (125,830) | (108,135) |
| Weighted average number of ordinary shares in issue | 274,816 | 323,294 | 332,252 | 327,821 | 351,277 |
| Basic loss per share | (0.48) | (0.66) | (0.59) | (0.38) | (0.31) |

### (b) Diluted loss per share

Diluted loss per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares. During the Track Record Period, as the Group incurred losses for the years ended December 31, 2021, 2022 and 2023 and the six months ended June 30, 2023 and 2024, any potential ordinary shares included in the calculation of diluted loss per share would be anti-dilutive. Accordingly, diluted loss per share for the years ended December 31, 2021, 2022 and 2023 and the six months ended June 30, 2023 and 2024 are the same as basic loss per share of the respective year.

## 14. SUBSIDIARIES

### (a) Subsidiaries of the Company

As at the date of this report, the Company has direct or indirect interests in the following subsidiaries:

| | | | | Effective interest held by the Group | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| | | | | As at December 31, | | | As at June 30, | | |
| Name of entity | Date of incorporation | Place of incorporation/ operation | Registered share capital | 2021 | 2022 | 2023 | 2024 | As at the date of this report | Principal activities |
| **Directly held:** | | | | | | | | | |
| Shanghai Youjia Zhixing Electronic Technology Co., Ltd. 上海佑嘉智行電子科技有限公司 (vi) | September 27, 2023 | Shanghai, China | RMB10,000,000 | N/A | N/A | 100% | 100% | 100% | Research and development |
| Tongxiang Wuzhen Youjia Intelligent Automobile Co., Ltd. 桐鄉烏鎮佑駕智能汽車有限公司 (vi) | September 25, 2023 | Zhejiang, China | RMB5,000,000 | N/A | N/A | 100% | 100% | 100% | Manufacturing and assembly of products |
| Guangzhou Youjia Innovation Technology Co., Ltd. 廣州佑駕創新科技有限公司 (vi) | May 18, 2023 | Guangdong, China | RMB100,000,000 | N/A | N/A | 100% | 100% | 100% | Manufacturing and assembly of products |
| Wuhan Youjia Innovation Technology Co., Ltd. 武漢佑駕創新科技有限公司 (iii) | August 16, 2022 | Hubei, China | RMB80,000,000 | N/A | 100% | 100% | 100% | 100% | Research and development |
| Nanjing Kaiyun Shuchuang Technology Co., Ltd. 南京開雲數創科技有限公司 (iii) | August 09, 2022 | Jiangsu, China | RMB75,000,000 | N/A | 100% | 100% | 100% | 100% | Research and development |
| Youjia Innovation (Beijing) Technology Co., Ltd. 佑駕創新(北京)技術有限公司 (ii) | December 14, 2020 | Beijing, China | RMB1,000,000 | 100% | 100% | 100% | 100% | 100% | Research and development |

| Name of entity | Date of incorporation | Place of incorporation/ operation | Registered share capital | Effective interest held by the Group | | | | | Principal activities |
|---|---|---|---|---|---|---|---|---|---|
| | | | | As at December 31, | | | As at June 30, | As at the date of this report | |
| | | | | 2021 | 2022 | 2023 | 2024 | | |
| Hunan Youxiang Wanglian Intelligent Technology Co., Ltd. 湖南佑湘網聯智能科技有限公司 (ii) | November 16, 2020 | Hunan, China | RMB30,000,000 | 100% | 100% | 100% | 100% | 100% | Sales of products |
| Shenzhen Youjia Data Technology Co., Ltd. 深圳佑駕數據科技有限公司 (vii) | April 16, 2020 | Guangdong, China | RMB30,000,000 | 100% | 100% | 100% | N/A, deregistered | N/A, deregistered | Research and development |
| Xuzhou Youjia Electronic Technology Co., Ltd. 徐州佑駕電子科技有限公司 | March 29, 2019 | Jiangsu, China | RMB30,000,000 | N/A, deregistered | N/A, deregistered | N/A, deregistered | N/A, deregistered | N/A, deregistered | Research and development |
| Nanjing Youjia Technology Co., Ltd.南京佑駕科技有限公司 (ii) | February 24, 2018 | Jiangsu, China | RMB30,000,000 | 100% | 100% | 100% | 100% | 100% | Research and development; Sales of products |
| Hubei Youjia Technology Co., Ltd. 湖北佑駕科技有限公司 (ii) | December 22, 2017 | Hubei, China | RMB10,000,000 | 100% | 100% | 100% | 100% | 100% | Sales of products |
| Hangzhou Ruijian Zhixing Technology Co., Ltd. 杭州銳見智行科技有限公司 (iii) | November 17, 2022 | Zhejiang, China | RMB13,333,333 | N/A | 75% | 75% | 75% | 75% | Research and Development; Sales of products |
| Shanghai Youqu Information Technology Co., Ltd. 上海佑覷信息科技有限公司 (ii) | June 30, 2020 | Shanghai, China | RMB30,000,000 | 60% | 60% | 60% | 60% | 60% | Sales of products |
| Shanghai Youxing Automotive Electronics Co., Ltd. 上海佑行汽車電子有限公司 (ii) | October 14, 2020 | Shanghai, China | RMB20,000,000 | 55% | 55% | 55% | 55% | 55% | Research and Development; Sales of products |

| Name of entity | Date of incorporation | Place of incorporation/ operation | Registered share capital | Effective interest held by the Group | | | | | Principal activities |
|---|---|---|---|---|---|---|---|---|---|
| | | | | As at December 31, | | | As at June 30, | As at the date of this report | |
| | | | | 2021 | 2022 | 2023 | 2024 | | |
| Jiangsu Yuanshi Technology Co., Ltd.江蘇源駛科技有限公司 (iv) | June 17, 2022 | Jiangsu, China | RMB62,000,000 | N/A | 51.61% | 51.61% | 51.61% | 51.61% | Research and Development; Sales of products |
| Zhongyan Youjia Intelligent Technology (Shanghai) Co., Ltd. 中研佑駕智能科技(上海)有限公司 | January 25, 2022 | Shanghai, China | RMB11,000,000 | N/A | 51% | 51% | 51% | 51% | Sales of products |
| Chongqing Yongnuo Xincheng Technology Service Co., Ltd. 重慶永諾信誠科技服務有限公司 (v) | April 25, 2021 | Chongqing, China | RMB2,000,000 | 51% | 51% | 51% | N/A, deregistered | N/A, deregistered | Sales of products |
| Chongqing Youjia Innovation Technology Co., Ltd. 重慶佑駕創新科技有限責任公司 (ii) | March 14, 2019 | Chongqing, China | RMB1,000,000 | 51% | 51% | 51% | 51% | 51% | Sales of products |
| Shaanxi Youjia Zhixing Technology Co., Ltd. 陝西佑駕智行科技有限公司 (viii) | March 01, 2024 | Shaanxi, China | RMB3,000,000 | N/A | N/A | N/A | 60% | 60% | Research and development |
| Guangzhou Youjia Intelligent Technology Co., Ltd. 廣州佑駕智能科技有限公司 (viii) | June 14, 2024 | Guangdong, China | RMB3,000,000 | N/A | N/A | N/A | 55% | 55% | Research and development |
| **Indirectly Held:** | | | | | | | | | |
| MINSIGHT PTE. LTD. 鋭見智行科技(新加坡)有限公司 (ix) | November 20, 2023 | Singapore | Singapore Dollars 100,000 | N/A | N/A | 75% | 75% | 75% | Sales of products |

(i) The English name of the subsidiaries with Chinese names represents the best effort by the management of the Group in translating their Chinese names as they do not have an official English name.

(ii) The financial statements were audited by Shenzhen Huicheng Certified Public Accountants (General Partnership) for the years ended December 31, 2021, 2022 and 2023.

(iii) The financial statements were audited by Shenzhen Huicheng Certified Public Accountants (General Partnership) for the years ended December 31, 2022 and 2023.

(iv) The financial statements were audited by Shenzhen Huicheng Certified Public Accountants (General Partnership) and Nanjing Zhenghe Certified Public Accountants (General Partnership) for the years ended December 31, 2022 and 2023.

(v) The financial statements were audited by Shenzhen Huicheng Certified Public Accountants (General Partnership) for the years ended December 31, 2021, and 2022. And Chongqing Yongnuo Xincheng Technology Service Co., Ltd. was deregistered on April 17, 2024.

(vi) The financial statements were audited by Shenzhen Huicheng Certified Public Accountants (General Partnership) for the year ended December 31, 2023.

(vii) Shenzhen Youjia Data Technology Co., Ltd. was deregistered on April 9, 2024.

(viii) No audited financial statements were issued for these companies as they are either newly incorporated or not required to issue audited financial statements under the statutory requirements.

(ix) Minsight Pte. Ltd. is 100% directly held by Hangzhou Ruijian Zhixing Technology Co., Ltd.

(x) All the principal subsidiaries presented are limited liability companies.

**(b) Investments in subsidiaries – the Company**

| | As at December 31, | | | As at June 30, |
|---|---|---|---|---|
| | 2021 | 2022 | 2023 | 2024 |
| | *RMB'000* | *RMB'000* | *RMB'000* | *RMB'000* |
| Investments in subsidiaries | 52,740 | 262,740 | 267,840 | 237,840 |
| Deemed investment arising from share-based payment | 3,227 | 4,211 | 5,220 | 5,053 |
| Provision for impairment | (22,740) | (25,477) | (36,777) | (41,375) |
| | 33,227 | 241,474 | 236,283 | 201,518 |

**15. PROPERTY, PLANT AND EQUIPMENT**

**The Group**

| | Machinery and molds | Transportation | Computers and electronic equipment | Other equipment | Leasehold improvements | Construction in progress ("CIP") | Total |
|---|---|---|---|---|---|---|---|
| | *RMB'000* | *RMB'000* | *RMB'000* | *RMB'000* | *RMB'000* | *RMB'000* | *RMB'000* |
| **As at January 1, 2021** | | | | | | | |
| Cost | 3,310 | 1,370 | 2,968 | 111 | 551 | 349 | 8,659 |
| Accumulated depreciation | (924) | (309) | (1,829) | (44) | – | – | (3,106) |
| Net book amount | 2,386 | 1,061 | 1,139 | 67 | 551 | 349 | 5,553 |
| **Year ended December 31, 2021** | | | | | | | |
| Opening net book amount | 2,386 | 1,061 | 1,139 | 67 | 551 | 349 | 5,553 |
| Additions | 910 | – | – | – | 3,205 | 10,288 | 14,403 |
| Disposals | (31) | – | (5) | – | – | – | (36) |
| Depreciation | (1,080) | (292) | (807) | (29) | (1,210) | – | (3,418) |
| Reclassification | 3,913 | 1,786 | 2,287 | 28 | – | (8,014) | – |
| Transfer *(Note 17)* | – | – | – | – | – | (2,350) | (2,350) |
| Closing net book amount | 6,098 | 2,555 | 2,614 | 66 | 2,546 | 273 | 14,152 |

| | Machinery and molds | Transportation | Computers and electronic equipment | Other equipment | Leasehold improvements | Construction in progress ("CIP") | Total |
|---|---|---|---|---|---|---|---|
| | *RMB'000* | *RMB'000* | *RMB'000* | *RMB'000* | *RMB'000* | *RMB'000* | *RMB'000* |
| **As at December 31, 2021** | | | | | | | |
| Cost | 8,102 | 3,156 | 5,250 | 139 | 3,756 | 273 | 20,676 |
| Accumulated depreciation | (2,004) | (601) | (2,636) | (73) | (1,210) | – | (6,524) |
| Net book amount | 6,098 | 2,555 | 2,614 | 66 | 2,546 | 273 | 14,152 |
| **Year ended December 31, 2022** | | | | | | | |
| Opening net book amount | 6,098 | 2,555 | 2,614 | 66 | 2,546 | 273 | 14,152 |
| Additions | 3,663 | – | 14 | – | 2,632 | 17,935 | 24,244 |
| Disposals | – | – | (3) | – | – | – | (3) |
| Depreciation | (3,051) | (688) | (1,533) | (53) | (1,986) | – | (7,311) |
| Reclassification | 7,129 | 1,466 | 2550 | 381 | – | (11,526) | – |
| Transfer *(Note 17)* | – | – | – | – | – | (6,098) | (6,098) |
| Closing net book amount | 13,839 | 3,333 | 3,642 | 394 | 3,192 | 584 | 24,984 |
| **As at December 31, 2022** | | | | | | | |
| Cost | 18,894 | 4,622 | 7,811 | 520 | 6,388 | 584 | 38,819 |
| Accumulated depreciation | (5,055) | (1,289) | (4,169) | (126) | (3,196) | – | (13,835) |
| Net book amount | 13,839 | 3,333 | 3,642 | 394 | 3,192 | 584 | 24,984 |
| **Year ended December 31, 2023** | | | | | | | |
| Opening net book amount | 13,839 | 3,333 | 3,642 | 394 | 3,192 | 584 | 24,984 |
| Additions | 3,075 | 56 | 10 | – | 1,549 | 19,869 | 24,559 |
| Disposals | (195) | (191) | (302) | (16) | – | – | (704) |
| Depreciation | (5,257) | (890) | (1,879) | (190) | (2,463) | – | (10,679) |
| Reclassification | 6,438 | 882 | 1,784 | 508 | – | (9,612) | – |
| Transfer *(Note 17)* | – | – | – | – | – | (2,463) | (2,463) |
| Closing net book amount | 17,900 | 3,190 | 3,255 | 696 | 2,278 | 8,378 | 35,697 |
| **As at December 31, 2023** | | | | | | | |
| Cost | 28,212 | 5,369 | 9,303 | 1,012 | 7,937 | 8,378 | 60,211 |
| Accumulated depreciation | (10,312) | (2,179) | (6,048) | (316) | (5,659) | – | (24,514) |
| Net book amount | 17,900 | 3,190 | 3,255 | 696 | 2,278 | 8,378 | 35,697 |

| | Machinery and molds | Transportation | Computers and electronic equipment | Other equipment | Leasehold improvements | Construction in progress ("CIP") | Total |
|---|---|---|---|---|---|---|---|
| | *RMB'000* | *RMB'000* | *RMB'000* | *RMB'000* | *RMB'000* | *RMB'000* | *RMB'000* |
| **Six months ended June 30, 2024** | | | | | | | |
| Opening net book amount | 17,900 | 3,190 | 3,255 | 696 | 2,278 | 8,378 | 35,697 |
| Additions | 987 | – | – | – | 1,367 | 15,309 | 17,663 |
| Disposals | (120) | (79) | (44) | (18) | – | – | (261) |
| Depreciation | (3,297) | (454) | (972) | (123) | (1,225) | – | (6,071) |
| Reclassification | 5,406 | 352 | 309 | 47 | – | (6,114) | – |
| Transfer *(Note 17)* | – | – | – | – | – | (6,518) | (6,518) |
| Closing net book amount | 20,876 | 3,009 | 2,548 | 602 | 2,420 | 11,055 | 40,510 |
| **As at June 30, 2024** | | | | | | | |
| Cost | 34,485 | 5,642 | 9,568 | 1,041 | 9,304 | 11,055 | 71,095 |
| Accumulated depreciation | (13,609) | (2,633) | (7,020) | (439) | (6,884) | – | (30,585) |
| Net book amount | 20,876 | 3,009 | 2,548 | 602 | 2,420 | 11,055 | 40,510 |

**(a) Depreciation expenses**

Depreciation expenses have been charged to the consolidated statements of comprehensive loss as follows:

| | Year ended December 31, | | | Six months ended June 30, | |
|---|---|---|---|---|---|
| | 2021 | 2022 | 2023 | 2023 | 2024 |
| | *RMB'000* | *RMB'000* | *RMB'000* | *RMB'000* *(Unaudited)* | *RMB'000* |
| Cost of sales | 516 | 1,639 | 3,038 | 1,919 | 2,334 |
| General and administrative expenses | 1,765 | 3,366 | 2,833 | 1,214 | 1,497 |
| Selling expenses | 71 | 398 | 572 | 305 | 165 |
| Research and development expenses | 1,066 | 1,908 | 4,236 | 1,801 | 2,075 |
| | 3,418 | 7,311 | 10,679 | 5,239 | 6,071 |

**(b) Depreciation methods and useful lives**

All property, plant and equipment are stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Depreciation is calculated using the straight-line method to allocate their costs to their residual values over their estimated useful lives as follows:

| | |
|---|---|
| Machinery and molds | 3-5 years |
| Transportation | 4-10 years |
| Computers and electronic equipment | 2-5 years |
| Other equipment | 3-5 years |
| Leasehold improvements | Estimated useful lives or remaining lease terms, whichever is shorter |

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each Track Record Period.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are recognized within "other gains – net" included in the consolidated statements of comprehensive loss.

**The Company**

| | Machinery and molds | Transportation | Computers and electronic equipment | Other equipment | Leasehold improvements | Construction in progress ("CIP") | Total |
|---|---|---|---|---|---|---|---|
| | *RMB'000* | *RMB'000* | *RMB'000* | *RMB'000* | *RMB'000* | *RMB'000* | *RMB'000* |
| **As at January 1, 2021** | | | | | | | |
| Cost | 3,233 | 127 | 2,774 | 59 | 412 | 349 | 6,954 |
| Accumulated depreciation | (900) | (75) | (1,754) | (25) | – | – | (2,754) |
| Net book amount | 2,333 | 52 | 1,020 | 34 | 412 | 349 | 4,200 |
| **Year ended December 31, 2021** | | | | | | | |
| Opening net book amount | 2,333 | 52 | 1,020 | 34 | 412 | 349 | 4,200 |
| Additions | 909 | – | – | – | 170 | 8,639 | 9,718 |
| Disposals | – | – | (1) | – | – | – | (1) |
| Depreciation | (1,062) | (32) | (688) | (18) | (449) | – | (2,249) |
| Reclassification | 3,830 | 666 | 1,855 | 14 | – | (6,365) | – |
| Transfer *(Note 17)* | – | – | – | – | – | (2,350) | (2,350) |
| Closing net book amount | 6,010 | 686 | 2,186 | 30 | 133 | 273 | 9,318 |
| **As at December 31, 2021** | | | | | | | |
| Cost | 7,972 | 793 | 4,628 | 73 | 582 | 273 | 14,321 |
| Accumulated depreciation | (1,962) | (107) | (2,442) | (43) | (449) | – | (5,003) |
| Net book amount | 6,010 | 686 | 2,186 | 30 | 133 | 273 | 9,318 |
| **Year ended December 31, 2022** | | | | | | | |
| Opening net book amount | 6,010 | 686 | 2,186 | 30 | 133 | 273 | 9,318 |
| Additions | 3,663 | – | – | – | 1,741 | 17,016 | 22,420 |
| Disposals | – | – | (4) | – | – | – | (4) |
| Depreciation | (3,018) | (217) | (1,321) | (36) | (393) | – | (4,985) |
| Reclassification | 7,057 | 934 | 2,257 | 359 | – | (10,607) | – |
| Transfer *(Note 17)* | – | – | – | – | – | (6,098) | (6,098) |
| Closing net book amount | 13,712 | 1,403 | 3,118 | 353 | 1,481 | 584 | 20,651 |
| **As at December 31, 2022** | | | | | | | |
| Cost | 18,692 | 1,727 | 6,881 | 432 | 2,323 | 584 | 30,639 |
| Accumulated depreciation | (4,980) | (324) | (3,763) | (79) | (842) | – | (9,988) |
| Net book amount | 13,712 | 1,403 | 3,118 | 353 | 1,481 | 584 | 20,651 |

| | Machinery and molds | Transportation | Computers and electronic equipment | Other equipment | Leasehold improvements | Construction in progress ("CIP") | Total |
|---|---|---|---|---|---|---|---|
| | *RMB'000* | *RMB'000* | *RMB'000* | *RMB'000* | *RMB'000* | *RMB'000* | *RMB'000* |
| **Year ended December 31, 2023** | | | | | | | |
| Opening net book amount | 13,712 | 1,403 | 3,118 | 353 | 1,481 | 584 | 20,651 |
| Additions | 2,963 | 56 | – | – | 1,233 | 9,000 | 13,252 |
| Disposals | (154) | (34) | (222) | (6) | – | – | (416) |
| Depreciation | (5,110) | (313) | (1,457) | (119) | (1,311) | – | (8,310) |
| Reclassification | 5,595 | 336 | 813 | 254 | – | (6,998) | – |
| Transfer *(Note 17)* | – | – | – | – | – | (2,106) | (2,106) |
| Closing net book amount | 17,006 | 1,448 | 2,252 | 482 | 1403 | 480 | 23,071 |
| **As at December 31, 2023** | | | | | | | |
| Cost | 27,096 | 2,085 | 7,472 | 680 | 3,556 | 480 | 41,369 |
| Accumulated depreciation | (10,090) | (637) | (5,220) | (198) | (2,153) | – | (18,298) |
| Net book amount | 17,006 | 1,448 | 2,252 | 482 | 1,403 | 480 | 23,071 |
| **Six months ended June 30, 2024** | | | | | | | |
| Opening net book amount | 17,006 | 1,448 | 2,252 | 482 | 1,403 | 480 | 23,071 |
| Additions | 987 | – | – | – | – | 13,607 | 14,594 |
| Disposals | (68) | (32) | (42) | (14) | – | – | (156) |
| Depreciation | (2,987) | (192) | (672) | (78) | (717) | – | (4,646) |
| Reclassification | 5 | 201 | 180 | 15 | – | (401) | – |
| Transfer *(Note 17)* | – | – | – | – | – | (6,332) | (6,332) |
| Closing net book amount | 14,943 | 1,425 | 1,718 | 405 | 686 | 7,354 | 26,531 |
| **As at June 30, 2024** | | | | | | | |
| Cost | 28,020 | 2,254 | 7,610 | 681 | 3,556 | 7,354 | 49,475 |
| Accumulated depreciation | (13,077) | (829) | (5,892) | (276) | (2,870) | – | (22,944) |
| Net book amount | 14,943 | 1,425 | 1,718 | 405 | 686 | 7,354 | 26,531 |

## 16. LEASES

**The Group**

***(a) Amounts recognized in the consolidated balance sheets***

| | As at December 31, | | | As at June 30, |
|---|---|---|---|---|
| | 2021 | 2022 | 2023 | 2024 |
| | *RMB'000* | *RMB'000* | *RMB'000* | *RMB'000* |
| **Right-of-use assets** | | | | |
| Offices and factories | 14,682 | 13,899 | 32,535 | 25,432 |
| Land use right (i) | – | – | – | 25,397 |
| | 14,682 | 13,899 | 32,535 | 50,829 |
| **Lease liabilities** | | | | |
| Current | 8,898 | 7,997 | 15,196 | 15,773 |
| Non-current | 6,569 | 6,143 | 19,095 | 12,243 |
| | 15,467 | 14,140 | 34,291 | 28,016 |

*(i)* In June 2024, the Group acquired land use rights to build factories for manufacture and sales of intelligent driving products and solutions in Guangzhou, Guangdong Province, the PRC. Additions to land use rights during the years ended 31 December 2021, 2022 and 2023 and the six months ended 30 June 2024 were nil, nil, nil and approximately RMB25,397,000 respectively.

Additions to the right-of-use assets during the years ended December 31, 2021, 2022 and 2023 and the six months ended June 30, 2023 and 2024 were approximately RMB15,501,000, RMB10,380,000, RMB33,643,000, RMB27,523,000, and RMB25,920,000 respectively.

***(b) Amounts recognized in the consolidated statements of comprehensive loss***

| | Year ended December 31, | | | Six months ended June 30, | |
|---|---|---|---|---|---|
| | 2021 | 2022 | 2023 | 2023 | 2024 |
| | *RMB'000* | *RMB'000* | *RMB'000* | *RMB'000* *(Unaudited)* | *RMB'000* |
| Depreciation charge of right-of-use assets | 5,400 | 9,608 | 14,588 | 6,989 | 7,626 |
| Interest expenses (included in finance costs) | 444 | 663 | 1,234 | 428 | 743 |
| Expense relating to short-term leases (included in cost of sales, research and development expenses, selling expenses, and general and administrative expenses) | 1,196 | 1,529 | 1,500 | 107 | 508 |
| | 7,040 | 11,800 | 17,322 | 7,524 | 8,877 |

The total cash outflows for leases payments for the years ended December 31, 2021, 2022 and 2023 and the six months ended June 30, 2023 and 2024 were approximately RMB6,628,000, RMB12,283,000, RMB15,820,000, RMB5,078,000 and RMB8,049,000 respectively.

***(c) The Group's leasing activities and how they are accounted for***

The Group leases various buildings, factories and warehouses. Rental contracts are typically made for fixed periods of one year to four years but may have extension options as described in (d) below.

Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants other than the security interests in the leased assets that are held by the lessor. Leased assets may not be used as security for borrowing purposes.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases in the Group, the lessee's incremental borrowing rate is used, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

To determine the incremental borrowing rate, the Group:

- where possible, uses recent third-party financing received by the individual lessee as a starting point, adjusted to reflect changes in financing conditions since third party financing was received;
- uses a build-up approach that starts with a risk-free interest rate adjusted for credit risk for leases held by the Group, which does not have recent third-party financing, and
- makes adjustments specific to the lease, e.g. term, country, currency and security.

If a readily observable amortizing loan rate is available to the individual lessee (through recent financing or market data) which has a similar payment profile to the lease, then the Group entities use that rate as a starting point to determine the incremental borrowing rate.

Right-of-use assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. If the Group is reasonably certain to exercise a purchase option, the right-of-use asset is depreciated over the underlying asset's useful life.

Payments associated with short-term leases of building are recognized on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less without a purchase option.

See Note 43.19 for the other accounting policies relevant to leases.

***(d) Extension and termination options***

Extension and termination options are included in a number of leases of buildings across the Group. These are used to maximize operational flexibility in terms of managing the assets used in the Group's operations. The majority of extension and termination options held are exercisable only by the Group and not by the respective lessor.

**The Company**

***(a) Amounts recognized in the company balance sheets***

| | As at December 31, | | | As at June 30, |
|---|---|---|---|---|
| | 2021 | 2022 | 2023 | 2024 |
| | *RMB'000* | *RMB'000* | *RMB'000* | *RMB'000* |
| **Right-of-use assets** | | | | |
| Offices and factories | 10,329 | 8,071 | 23,812 | 18,491 |
| **Lease liabilities** | | | | |
| Current | 6,832 | 4,535 | 10,847 | 11,448 |
| Non-current | 4,256 | 4,201 | 14,755 | 9,078 |
| | 11,088 | 8,736 | 25,602 | 20,526 |

## 17. INTANGIBLE ASSETS

**The Group**

| | Software |
|---|---|
| | *RMB'000* |
| **As at January 1, 2021** | |
| Cost | 1,858 |
| Accumulated amortization | (55) |
| Net book amount | 1,803 |
| **Year ended December 31, 2021** | |
| Opening net book amount | 1,803 |
| Transfer *(Note 15)* | 2,350 |
| Amortisation charge | (375) |
| Closing net book amount | 3,778 |
| **As at December 31, 2021** | |
| Cost | 4,208 |
| Accumulated amortization | (430) |
| Net book amount | 3,778 |
| **Year ended December 31, 2022** | |
| Opening net book amount | 3,778 |
| Transfer *(Note 15)* | 6,098 |
| Amortisation charge | (715) |
| Closing net book amount | 9,161 |
| **As at December 31, 2022** | |
| Cost | 10,306 |
| Accumulated amortization | (1,145) |
| Net book amount | 9,161 |
| **Year ended December 31, 2023** | |
| Opening net book amount | 9,161 |
| Transfer *(Note 15)* | 2,463 |
| Additions | 185 |
| Amortization charge | (1,112) |
| Disposal | (357) |
| Closing net book amount | 10,340 |
| **As at December 31, 2023** | |
| Cost | 12,597 |
| Accumulated amortization | (2,257) |
| Net book amount | 10,340 |
| **Six months ended June 30, 2024** | |
| Opening net book amount | 10,340 |
| Transfer *(Note 15)* | 6,518 |
| Additions | – |
| Amortization charge | (929) |
| Disposal | (46) |
| Closing net book amount | 15,883 |
| **As at June 30, 2024** | |
| Cost | 19,069 |
| Accumulated amortization | (3,186) |
| Net book amount | 15,883 |

**(a) Amortization methods and periods**

The Group amortizes intangible assets with a limited useful life using the straight-line method over the following periods:

Software . . . . . . 10 years

**(b) Amortization expenses**

Amounts recognized in the consolidated statements of comprehensive loss:

| | Year ended December 31, | | | Six months ended June 30, | |
|---|---|---|---|---|---|
| | 2021 | 2022 | 2023 | 2023 | 2024 |
| | *RMB'000* | *RMB'000* | *RMB'000* | *RMB'000* *(Unaudited)* | *RMB'000* |
| Cost of sales | – | – | 36 | 5 | 31 |
| Research and development expenses | 286 | 695 | 981 | 481 | 766 |
| General and administrative expenses | 89 | 20 | 95 | 40 | 132 |
| | 375 | 715 | 1,112 | 526 | 929 |

**The Company**

| | Software |
|---|---|
| | *RMB'000* |
| **As at January 1, 2021** | |
| Cost | 1,858 |
| Accumulated amortization | (55) |
| Net book amount | 1,803 |
| **Year ended December 31, 2021** | |
| Opening net book amount | 1,803 |
| Transfer *(Note 15)* | 2,350 |
| Amortization charge | (375) |
| Closing net book amount | 3,778 |
| **As at December 31, 2021** | |
| Cost | 4,208 |
| Accumulated amortization | (430) |
| Net book amount | 3,778 |
| **Year ended December 31, 2022** | |
| Opening net book amount | 3,778 |
| Transfer *(Note 15)* | 6,098 |
| Amortization charge | (715) |
| Closing net book amount | 9,161 |
| **As at December 31, 2022** | |
| Cost | 10,306 |
| Accumulated amortization | (1,145) |
| Net book amount | 9,161 |

| | Software |
|---|---|
| | *RMB'000* |
| **Year ended December 31, 2023** | |
| Opening net book amount | 9,161 |
| Transfer *(Note 15)* | 2,106 |
| Amortization charge | (1,100) |
| Disposal | (357) |
| Closing net book amount | 9,810 |
| **As at December 31, 2023** | |
| Cost | 12,055 |
| Accumulated amortization | (2,245) |
| Net book amount | 9,810 |
| **Six months ended June 30, 2024** | |
| Opening net book amount | 9,810 |
| Transfer *(Note 15)* | 6,332 |
| Amortization charge | (860) |
| Disposal | – |
| Closing net book amount | 15,282 |
| **As at June 30, 2024** | |
| Cost | 18,388 |
| Accumulated amortization | (3,106) |
| Net book amount | 15,282 |

## 18. INVESTMENT PROPERTIES

**The Group and the Company**

| | As at December 31, | | | As at June 30, |
|---|---|---|---|---|
| | 2021 | 2022 | 2023 | 2024 |
| | *RMB'000* | *RMB'000* | *RMB'000* | *RMB'000* |
| **Opening net book amount** | – | – | 5,013 | 4,771 |
| Additions | – | 5,094 | – | – |
| Depreciation charge | – | (81) | (242) | (121) |
| **Closing net book value** | – | 5,013 | 4,771 | 4,650 |
| **At end of the period** | | | | |
| Cost | – | 5,094 | 5,094 | 5,094 |
| Accumulated depreciation | – | (81) | (323) | (444) |
| **Net book value** | – | 5,013 | 4,771 | 4,650 |

The investment properties are stated at cost less depreciation.

The fair values of the Group's and the Company's investment properties are close to the book value.

## 19. OTHER NON-CURRENT ASSETS

### The Group

| | As at December 31, | | | As at June 30, |
|---|---|---|---|---|
| | 2021 | 2022 | 2023 | 2024 |
| | *RMB'000* | *RMB'000* | *RMB'000* | *RMB'000* |
| Long-term receivables *(a)* | 5,283 | 2,703 | – | 3,102 |
| Non-current rental deposits | 1,952 | 1,572 | 7,100 | 4,244 |
| Prepayment for purchase of property, plant and equipment | 692 | 753 | 5,258 | 5,028 |
| Prepayment for land use right | – | – | – | 16,620 |
| | 7,927 | 5,028 | 12,358 | 28,994 |

(a) Long-term receivables are sales proceeds collected over a three-year period.

### The Company

| | As at December 31, | | | As at June 30, |
|---|---|---|---|---|
| | 2021 | 2022 | 2023 | 2024 |
| | *RMB'000* | *RMB'000* | *RMB'000* | *RMB'000* |
| Long-term receivables | 5,283 | 2,703 | – | – |
| Non-current rental deposits | 1,515 | 1,245 | 5,902 | 3,959 |
| Prepayment for purchase of property, plant and equipment | 692 | 690 | 4,378 | 4,153 |
| | 7,490 | 4,638 | 10,280 | 8,112 |

## 20. INVENTORIES

### The Group

| | As at December 31, | | | As at June 30, |
|---|---|---|---|---|
| | 2021 | 2022 | 2023 | 2024 |
| | *RMB'000* | *RMB'000* | *RMB'000* | *RMB'000* |
| Raw materials | 61,202 | 62,353 | 64,718 | 60,832 |
| Semi-finished goods | 7,795 | 7,887 | 6,799 | 8,450 |
| Finished goods | 41,984 | 40,682 | 64,944 | 52,540 |
| Contract fulfillment costs | 23,976 | 72,002 | 26,732 | 26,867 |
| | 134,957 | 182,924 | 163,193 | 148,689 |
| Less: provision of inventories | | | | |
| – Raw materials | (6,487) | (5,079) | (3,773) | (10,087) |
| – Semi-finished goods | (333) | (357) | (34) | (445) |
| – Finished goods | (5,367) | (8,272) | (12,178) | (6,232) |
| – Contract fulfillment costs | – | (731) | (2,247) | (2,330) |
| | (12,187) | (14,439) | (18,232) | (19,094) |
| | 122,770 | 168,485 | 144,961 | 129,595 |

Raw materials primarily consist of materials for volume production and research and development, which will be transferred into production cost and research and development expenses respectively when incurred.

Semi-finished goods and finished goods include products prepared for sale at production plants or in transit to fulfill customer orders.

Provision of inventories are recognized at the amount by which the carrying amount of inventories exceeds the net recoverable amount. All these expenses and impairment charge have been included in "cost of sales" in the consolidated statements of comprehensive loss. The provision for inventories recognized for the years ended December 31, 2021, 2022 and 2023 and the six months ended June 30, 2023 and 2024 was approximately RMB4,494,000, RMB5,347,000, RMB6,235,000, RMB4,747,000 and RMB9,119,000 respectively.

Raw materials and consumables used and recorded as cost of sales during the years ended December 31, 2021, 2022 and 2023 and the six months ended June 30, 2023 and 2024 were RMB102,815,000, RMB212,662,000, RMB379,514,000, RMB138,794,000 and RMB160,660,000 respectively.

**The Company**

| | As at December 31, | | | As at June 30, |
|---|---|---|---|---|
| | 2021 | 2022 | 2023 | 2024 |
| | *RMB'000* | *RMB'000* | *RMB'000* | *RMB'000* |
| Raw materials | 60,236 | 61,452 | 64,606 | 60,815 |
| Semi-finished goods | 6,180 | 6,426 | 6,732 | 8,444 |
| Finished goods | 33,736 | 32,187 | 49,078 | 35,698 |
| Contract fulfillment costs | 9,448 | 15,336 | 13,410 | 21,569 |
| | 109,600 | 115,401 | 133,826 | 126,526 |
| Less: provision of inventories | | | | |
| – Raw materials | (6,440) | (5,070) | (3,757) | (10,373) |
| – Semi-finished goods | (333) | (340) | (34) | (445) |
| – Finished goods | (3,547) | (7,118) | (11,445) | (4,959) |
| – Contract fulfillment costs | – | (731) | (2,247) | (2,329) |
| | (10,320) | (13,259) | (17,483) | (18,106) |
| | 99,280 | 102,142 | 116,343 | 108,420 |

## 21. TRADE AND NOTES RECEIVABLES

**The Group**

| | As at December 31, | | | As at June 30, |
|---|---|---|---|---|
| | 2021 | 2022 | 2023 | 2024 |
| | *RMB'000* | *RMB'000* | *RMB'000* | *RMB'000* |
| Notes receivables | 18,381 | 26,414 | 38,446 | 33,964 |
| Trade receivables | 86,867 | 201,146 | 309,044 | 383,861 |
| | 105,248 | 227,560 | 347,490 | 417,825 |
| Less: provision for impairment | (4,358) | (9,890) | (13,905) | (19,465) |
| | 100,890 | 217,670 | 333,585 | 398,360 |

The Group's credit period to its customers was typically within one year. As at December 31, 2021, 2022 and 2023 and June 30, 2024, the aging analysis of the trade and notes receivables based on recognized date is as follows:

| | As at December 31, | | | As at June 30, |
|---|---|---|---|---|
| | 2021 | 2022 | 2023 | 2024 |
| | *RMB'000* | *RMB'000* | *RMB'000* | *RMB'000* |
| Up to 1 year | 97,833 | 214,510 | 323,236 | 390,402 |
| 1 to 2 years | 5,011 | 9,333 | 16,704 | 18,792 |
| 2 to 3 years | 2,404 | 2,714 | 4,662 | 4,827 |
| Over 3 years | – | 1,003 | 2,888 | 3,804 |
| | 105,248 | 227,560 | 347,490 | 417,825 |

Trade and notes receivables are amounts due from customers for goods sold or services performed in the ordinary course of business. They are generally due for settlement within 1 year and therefore all classified as current. Trade and notes receivables are recognized initially at the amount of consideration that is unconditional unless they contain significant financing components, when they are recognized at fair value. The Group holds the trade and notes receivables with the objective of collecting the contractual cash flows and therefore measures them subsequently at amortized cost using the effective interest method. See Note 3.1 for a description of the Group's impairment policies.

The Group applies the simplified approach under IFRS 9, which requires lifetime expected losses to be recognized from initial recognition of the assets. Information about the impairment of trade and notes receivables and the Group's exposure to credit risk is described in Note 3.1.

The carrying amounts of the Group's trade and notes receivables approximated their fair values as at the balance sheet dates.

**(a) The secured trade receivable**

As at December 31, 2021, the secured short-term bank borrowings of RMB9,550,000 were secured by trade receivables. The security was released when the short-term bank borrowings were repaid in year 2022.

As at December 31, 2022, the secured short-term bank borrowings of RMB40,000,000 were pledged by trade receivables. The security was released when the short-term bank borrowings were repaid in year 2023.

**The Company**

| | As at December 31, | | | As at June 30, |
|---|---|---|---|---|
| | 2021 | 2022 | 2023 | 2024 |
| | *RMB'000* | *RMB'000* | *RMB'000* | *RMB'000* |
| Notes receivables | 9,871 | 21,397 | 27,335 | 31,516 |
| Trade receivables | 113,980 | 255,037 | 368,314 | 463,628 |
| | 123,851 | 276,434 | 395,649 | 495,144 |
| Less: provision for impairment | (7,343) | (16,322) | (18,933) | (21,931) |
| | 116,508 | 260,112 | 376,716 | 473,213 |

As at December 31, 2021, 2022 and 2023 and June 30, 2024, the aging analysis of the trade and notes receivables based on recognized date is as follows:

| | As at December 31, | | | As at June 30, |
|---|---|---|---|---|
| | 2021 | 2022 | 2023 | 2024 |
| | *RMB'000* | *RMB'000* | *RMB'000* | *RMB'000* |
| Up to 1 year | 117,401 | 249,566 | 306,097 | 412,911 |
| 1 to 2 years | 5,584 | 22,967 | 66,809 | 50,845 |
| 2 to 3 years | 866 | 3,143 | 18,870 | 14,446 |
| Over 3 years | – | 758 | 3,873 | 16,942 |
| | 123,851 | 276,434 | 395,649 | 495,144 |

## 22. OTHER CURRENT ASSETS

**The Group**

| | As at December 31, | | | As at June 30, |
|---|---|---|---|---|
| | 2021 | 2022 | 2023 | 2024 |
| | *RMB'000* | *RMB'000* | *RMB'000* | *RMB'000* |
| Other receivables | | | | |
| – Advance to staff | 791 | 982 | 961 | 1,351 |
| – Deposits | 701 | 2,246 | 4,712 | 6,607 |
| – Others | 1,196 | 1,651 | 2,142 | 1,960 |
| | 2,688 | 4,879 | 7,815 | 9,918 |
| Less: provision for impairment | (126) | (307) | (720) | (813) |
| | 2,562 | 4,572 | 7,095 | 9,105 |
| Prepayment | | | | |
| – Products and services procurement | 6,924 | 13,490 | 32,918 | 35,303 |
| Prepaid listing expenses | – | – | – | 2,019 |
| Value-added tax ("VAT") recoverable | 23,088 | 20,191 | 24,163 | 20,023 |
| Others | 2,463 | 2,580 | 2,702 | 2,764 |
| | 35,037 | 40,833 | 66,878 | 69,214 |

As at December 31, 2021, 2022 and 2023 and June 30, 2024, the fair values of other current assets of the Group, except for the prepayments and VAT recoverable to be deducted which are not financial assets, approximated their carrying amounts.

The carrying amounts of the Group's other current assets are all denominated in RMB.

**The Company**

| | As at December 31, | | | As at June 30, |
|---|---|---|---|---|
| | 2021 | 2022 | 2023 | 2024 |
| | *RMB'000* | *RMB'000* | *RMB'000* | *RMB'000* |
| Other receivables | | | | |
| – Due from subsidiaries | 50,379 | 81,819 | 103,446 | 160,199 |
| – Deposits | 651 | 2,061 | 3,179 | 4,204 |
| – Advance to staff | 395 | 798 | 432 | 383 |
| – Interest receivable | 1,353 | 3,973 | 8,803 | 10,872 |
| – Others | 570 | 769 | 1,239 | 604 |
| | 53,348 | 89,420 | 117,099 | 176,262 |
| Less: provision for impairment | (16,049) | (24,653) | (36,167) | (38,776) |
| | 37,299 | 64,767 | 80,932 | 137,486 |
| Prepayments | | | | |
| – Products and services procurement | 6,169 | 12,276 | 28,805 | 31,753 |
| Prepaid listing expenses | – | – | – | 2,019 |
| Value-added tax ("VAT") recoverable | 19,244 | 14,441 | 17,608 | 13,925 |
| Others | 2,464 | 2,581 | 2,703 | 2,766 |
| | 65,176 | 94,065 | 130,048 | 187,949 |

## 23. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

**The Group**

The Group's financial assets measured at FVOCI include the following:

| | As at December 31, | | | As at June 30, |
|---|---|---|---|---|
| | 2021 | 2022 | 2023 | 2024 |
| | *RMB'000* | *RMB'000* | *RMB'000* | *RMB'000* |
| Notes receivables classified as financial assets at FVOCI . . . . . | 38,438 | 23,558 | 36,462 | 7,008 |

Notes receivables held both by collecting contractual cash flows and selling of these assets are classified as FVOCI. All the aging of notes receivable is within one year.

As at December 31, 2021, bills payables of RMB907,000 were pledged by note receivables of RMB3,000,000. The security was released when the bills payables were repaid in year 2022.

**The Company**

The Company's financial assets measured at FVOCI include the following:

| | As at December 31, | | | As at June 30, |
|---|---|---|---|---|
| | 2021 | 2022 | 2023 | 2024 |
| | *RMB'000* | *RMB'000* | *RMB'000* | *RMB'000* |
| Notes receivables classified as financial assets at FVOCI. . . . . . | 35,231 | 17,403 | 18,165 | 1,849 |

## 24. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

**The Group**

***(a) Classification of financial assets at FVPL***

The Group classifies the followings as financial assets at FVPL:

- debt investments that do not qualify for measurement at either amortized cost or FVOCI
- equity investments that are held for trading, and
- equity investments for which the Group has not elected to recognize fair value gains and losses through FVOCI.

The Group's financial assets measured at FVPL include the following:

| | As at December 31, | | | As at June 30, |
|---|---|---|---|---|
| | 2021 | 2022 | 2023 | 2024 |
| | *RMB'000* | *RMB'000* | *RMB'000* | *RMB'000* |
| Investment in structured deposits and wealth management products issued by banks . . . . . . . . | 135,187 | 44,581 | 210,597 | 120,901 |

The principal and return of the structured deposits and wealth management products is not guaranteed, hence their contractual cash flows do not qualify for solely payments of principal and interest. Therefore, the structured deposits and wealth management products issued by banks are measured at FVPL.

Information about the Group's exposure to financial risk and information about the methods and assumptions used in determining fair value of these financial assets at FVPL are set out in Note 3.3.

***(b) Amounts recognized in profit or loss***

During the year, the following net fair value gains were recognized in the consolidated statements of comprehensive loss:

| | As at December 31, | | | As at June 30, |
|---|---|---|---|---|
| | 2021 | 2022 | 2023 | 2024 |
| | *RMB'000* | *RMB'000* | *RMB'000* | *RMB'000* |
| Net fair value gains on financial assets at FVPL recognized in other gains – net (Note 7) | | | | |
| – realized | 2,502 | 7,910 | 3,189 | 2,282 |
| – unrealized | 187 | 144 | 597 | 103 |
| | 2,689 | 8,054 | 3,786 | 2,385 |

**The Company**

The Company's financial assets measured at FVPL include the following:

| | As at December 31, | | | As at June 30, |
|---|---|---|---|---|
| | 2021 | 2022 | 2023 | 2024 |
| | *RMB'000* | *RMB'000* | *RMB'000* | *RMB'000* |
| Investment in structured deposits and wealth management products issued by banks | 135,187 | 44,581 | 210,597 | 80,049 |

## 25. CASH AND CASH EQUIVALENTS

**The Group**

| | As at December 31, | | | As at June 30, |
|---|---|---|---|---|
| | 2021 | 2022 | 2023 | 2024 |
| | *RMB'000* | *RMB'000* | *RMB'000* | *RMB'000* |
| Cash at bank | 272,824 | 263,795 | 199,624 | 221,815 |
| Less: restricted cash | – | (20,010) | (1,690) | (1,690) |
| Cash and cash equivalents | 272,824 | 243,785 | 197,934 | 220,125 |

Cash and cash equivalents are denominated in the following currencies:

| | As at December 31, | | | As at June 30, |
|---|---|---|---|---|
| | 2021 | 2022 | 2023 | 2024 |
| | RMB'000 | RMB'000 | RMB'000 | RMB'000 |
| – RMB | 270,969 | 243,271 | 197,865 | 220,125 |
| – USD | 1,855 | 507 | 69 | – |
| – HKD | – | 7 | – | – |
| | 272,824 | 243,785 | 197,934 | 220,125 |

As of December 31, 2022, the restricted cash in the amount of RMB10,000 was used as frozen funds for electronic toll collection, and the restricted funds in the amount of RMB20,000,000 were used for the purchase of structured deposits. As of December 31, 2023, restricted cash in the amount of RMB10,000 is the frozen funds used for electronic toll collection, and RMB1,680,000 is the frozen funds for litigation. As of June 30, 2024, restricted cash in the amount of RMB10,000 is the frozen funds used for electronic toll collection, and RMB1,680,000 is the frozen funds for litigation.

**The Company**

| | As at December 31, | | | As at June 30, |
|---|---|---|---|---|
| | 2021 | 2022 | 2023 | 2024 |
| | RMB'000 | RMB'000 | RMB'000 | RMB'000 |
| Cash at bank | 260,995 | 173,281 | 78,259 | 148,123 |
| Less: restricted cash | – | (20,010) | (10) | (10) |
| Cash and cash equivalents | 260,995 | 153,271 | 78,249 | 148,113 |

Cash and cash equivalents are denominated in the following currencies:

| | As at December 31, | | | As at June 30, |
|---|---|---|---|---|
| | 2021 | 2022 | 2023 | 2024 |
| | RMB'000 | RMB'000 | RMB'000 | RMB'000 |
| – RMB | 259,140 | 152,757 | 78,180 | 148,113 |
| – USD | 1,855 | 507 | 69 | – |
| – HKD | – | 7 | – | – |
| | 260,995 | 153,271 | 78,249 | 148,113 |

## 26. PAID-IN CAPITAL

### The Group and the Company

| | Total |
|---|---|
| | *RMB'000* |
| As at January 1, 2021 | 27,871 |
| Capital contributions from series D-1 investors *(a)* | 2,415 |
| Capital contributions from series D-2 investors *(b)* | 1,876 |
| As at December 31, 2021 | 32,162 |
| As at January 1, 2022 | 32,162 |
| Capital contributions from series D-2+ investors *(c)* | 2,207 |
| Capital contributions from ESOP | 936 |
| Capital contributions from series D-3 investors *(d)* | 834 |
| As at December 31, 2022 | 36,139 |
| As at January 1, 2023 | 36,139 |
| Conversion into a joint stock company *(Note 27(a))* | (36,139) |
| As at December 31, 2023 | – |
| As at January 1, 2024 | – |
| Conversion into a joint stock company *(Note 27(a))* | – |
| As at June 30, 2024 | – |
| *(Unaudited)* | |
| As at January 1, 2023 | 36,139 |
| Conversion into a joint stock company *(Note 27(a))* | (36,139) |
| As at June 30, 2023 | – |

(a) In March 2021, the Company entered into an investment agreement with series D-1 investors, pursuant to which total capital of RMB156,000,000 was contributed into the Company. The proceeds of RMB106,000,000 were received by the Company in April 2021. The remaining proceeds of RMB50,000,000 were received by the Company in May 2021, with RMB2,415,488 (approximately 6.68% of total paid-in capital before the Company's conversion into a joint stock company (Note 27(a))) and RMB153,584,512 credited to the Company's paid-in capital and capital reserves, respectively (Note 28).

(b) In December 2021, the Company entered into an investment agreement with series D-2 investor, pursuant to which total capital of RMB170,000,000 was contributed into the Company. The proceeds of RMB170,000,000 were received by the Company in December 2021, with RMB1,875,598 (approximately 5.19% of total paid-in capital before the Company's conversion into a joint stock company (Note 27(a))) and RMB168,124,402 credited to the Company's paid-in capital and capital reserves, respectively (Note 28).

(c) In February 2022, the Company entered into capital contribution agreement with series D-2+ investors, pursuant to which total capital of RMB200,000,000 was contributed into the Company. The proceeds of RMB200,000,000 were received by the Company in December 2021, with approximately RMB2,206,586 (approximately 6.11% of total paid-in capital before the Company's conversion into a joint stock company (Note 27(a))) and RMB197,793,414 credited to the Company's paid-in capital and capital reserves, respectively (Note 28).

(d) In May 2022, the Company entered into capital contribution agreement with series D-3 investors, pursuant to which total capital of RMB104,947,045 was contributed into the Company. The proceeds of RMB104,947,045 were received by the Company in May 2022, with approximately RMB833,930 (approximately 2.3% of total paid-in capital before the Company's conversion into a joint stock company (Note 27(a))) and RMB104,113,115 credited to the Company's paid-in capital and capital reserves, respectively (Note 28).

## 27. SHARE CAPITAL

**The Group and the Company**

A summary of movements in the Company's authorized, issued and fully paid share capital is as follows:

| | Number of shares | Share capital |
|---|---|---|
| | | *RMB'000* |
| As at January 1, 2023 | – | – |
| Conversion into a joint stock limited company *(a)* | 36,139 | 36,139 |
| Capital contributions from series Pre-IPO investors *(b)* | 2,519 | 2,519 |
| Conversion of capital reserves into share capital | 321,342 | 321,342 |
| As at 31 December 2023 and 30 June 2024 | 360,000 | 360,000 |
| *(Unaudited)* | | |
| As at January 1, 2023 | – | – |
| Conversion into a joint stock limited company *(a)* | 36,139 | 36,139 |
| As at June 30, 2023 | 36,139 | 36,139 |

(a) In April 2023, the Company was converted into a joint stock company with limited liability under the Company Law of the PRC. The net assets of the Company as at the conversion date were converted into approximately 36,139,300 ordinary shares at RMB1 each. The excess of net assets converted over nominal value of the ordinary shares was credited to the Company's share capital reserves (Note 28).

(b) In October 2023, the Company entered into capital contribution agreement with series Pre-IPO investors, pursuant to which total capital of RMB348,480,000 was contributed into the Company. The proceeds of RMB258,480,000 were received by the Company in September 2023. The remaining proceeds of RMB90,000,000 were received by the Company in October 2023, with RMB2,518,764 (approximately 6.68% of total share capital and RMB345,961,236 credited to the Company's share capital and share capital reserves, respectively (Note 28)).

## 28. RESERVES

The following table shows a breakdown of the statements of balance sheets line items "reserves" and their movements during the respective years. A description of the nature and purpose of each reserve is provided below the table.

**The Group**

| | Reserves | | |
|---|---|---|---|
| | Capital reserves | Share-based payment reserves | Total |
| | *RMB'000* | *RMB'000* | *RMB'000* |
| As at January 1, 2021 | 442,237 | 19,171 | 461,408 |
| Capital contributions from series D-1 investors | 153,585 | – | 153,585 |
| Capital contributions from series D-2 investors | 168,124 | – | 168,124 |
| Share-based payment *(Note 29)* | – | 8,802 | 8,802 |
| As at December 31, 2021 | 763,946 | 27,973 | 791,919 |

| | Reserves | | |
|---|---|---|---|
| | Capital reserves | Share-based payment reserves | Total |
| | *RMB'000* | *RMB'000* | *RMB'000* |
| As at January 1, 2022 | 763,946 | 27,973 | 791,919 |
| Capital contributions from series D-2+ investors | 197,793 | – | 197,793 |
| Capital contributions from series D-3 investors | 104,113 | – | 104,113 |
| Share-based payment *(Note 29)* | – | 14,960 | 14,960 |
| Others | (3,000) | – | (3,000) |
| Conversion of capital reserves into share capital | – | – | – |
| As at December 31, 2022 | 1,062,852 | 42,933 | 1,105,785 |

| | Reserves | | |
|---|---|---|---|
| | Capital reserves | Share-based payment reserves | Total |
| | *RMB'000* | *RMB'000* | *RMB'000* |
| As at January 1, 2023 | 1,062,852 | 42,933 | 1,105,785 |
| Capital contributions from series Pre-IPO investors | 345,961 | – | 345,961 |
| Capital injection by a non-controlling shareholder | 35,000 | – | 35,000 |
| Share-based payment *(Note 29)* | – | 22,401 | 22,401 |
| Others | (4,725) | – | (4,725) |
| Conversion into a joint stock company | (402,405) | – | (402,405) |
| Conversion of capital reserves into share capital | (321,342) | – | (321,342) |
| As at December 31, 2023 | 715,341 | 65,334 | 780,675 |

| | Reserves | | |
|---|---|---|---|
| | Capital reserves | Share-based payment reserves | Total |
| | *RMB'000* | *RMB'000* | *RMB'000* |
| As at January 1, 2024 | 715,341 | 65,334 | 780,675 |
| Share-based payment *(Note 29)* | – | 15,311 | 15,311 |
| As at June 30, 2024 | 715,341 | 80,645 | 795,986 |

| | Reserves | | |
|---|---|---|---|
| | Capital reserves | Share-based payment reserves | Total |
| | *RMB'000* | *RMB'000* | *RMB'000* |
| *(Unaudited)* | | | |
| As at January 1, 2023 | 1,062,852 | 42,933 | 1,105,785 |
| Capital injection by a non-controlling shareholder | 35,000 | – | 35,000 |
| Share-based payment *(Note 29)* | – | 11,200 | 11,200 |
| As at June 30, 2023 | 1,097,852 | 54,133 | 1,151,985 |

**The Company**

| | Reserves | | |
|---|---|---|---|
| | Capital reserves | Share-based payment reserves | Total |
| | *RMB'000* | *RMB'000* | *RMB'000* |
| As at January 1, 2021 | 442,237 | 18,262 | 460,499 |
| Capital contributions from series D-1 investors | 153,585 | – | 153,585 |
| Capital contributions from series D-2 investors | 168,124 | – | 168,124 |
| Share-based payment | – | 8,444 | 8,444 |
| As at December 31, 2021 | 763,946 | 26,706 | 790,652 |

| | Reserves | | |
|---|---|---|---|
| | Capital reserves | Share-based payment reserves | Total |
| | *RMB'000* | *RMB'000* | *RMB'000* |
| As at January 1, 2022 | 763,946 | 26,706 | 790,652 |
| Capital contributions from series D-2+ investors | 197,793 | – | 197,793 |
| Capital contributions from series D-3 investors | 104,113 | – | 104,113 |
| Share-based payment | – | 14,400 | 14,400 |
| Others | (3,000) | – | (3,000) |
| As at December 31, 2022 | 1,062,852 | 41,106 | 1,103,958 |

| | Reserves | | |
|---|---|---|---|
| | Capital reserves | Share-based payment reserves | Total |
| | *RMB'000* | *RMB'000* | *RMB'000* |
| As at January 1, 2023 | 1,062,852 | 41,106 | 1,103,958 |
| Capital contributions from series Pre-IPO investors | 345,961 | – | 345,961 |
| Share-based payment | – | 21,849 | 21,849 |
| Others | (4,725) | – | (4,725) |
| Conversion into a joint stock company | (402,405) | – | (402,405) |
| Conversion of capital reserves into share capital | (321,342) | – | (321,342) |
| As at December 31, 2023 | 680,341 | 62,955 | 743,296 |

| | Reserves | | |
|---|---|---|---|
| | Capital reserves | Share-based payment reserves | Total |
| | *RMB'000* | *RMB'000* | *RMB'000* |
| As at January 1, 2024 | 680,341 | 62,955 | 743,296 |
| Share-based payment | – | 13,995 | 13,995 |
| As at June 30, 2024 | 680,341 | 76,950 | 757,291 |

| | Reserves | | |
|---|---|---|---|
| | Capital reserves | Share-based payment reserves | Total |
| | *RMB'000* | *RMB'000* | *RMB'000* |
| *(Unaudited)* | | | |
| As at January 1, 2023 | 1,062,852 | 41,106 | 1,103,958 |
| Share-based payment | – | 10,923 | 10,923 |
| As at June 30, 2023 | 1,062,852 | 52,029 | 1,114,881 |

## 29. SHARE-BASED PAYMENT

### (a) Share award schemes

(i) In March 2016, the shareholders approved an Employee Share Ownership Plan (ESOP A Plan) which proposes to grant certain incentive shares of the Company to certain executives and employees at a later date by way of transfer of shares held by Dr. Liu Guoqing, in order to attract and retain the talents and to provide incentives that align the interests of Shareholders, the Company and employees, for long-term development of the Company.

In August 2016, 77,855 equity shares were granted to an employee under the ESOP A Plan through an equity transfer with a vesting commencement date of August 2016. These awards did not include a service period condition and were made at a consideration of RMB1 per share as rewards for his services, full time devotion and professional expertise to the Group.

In December 2020, Shenzhen Youjia Qingcheng Investment L.P. (深圳佑駕清成投資企業(有限合夥)) was incorporated in the PRC under the Company Law of the PRC as a vehicle for holding ordinary shares ("Restricted Shares") for the remaining employees of the Company, other than those mentioned above, pursuant to ESOP A Plan.

From 2016 to 2023, pursuant to the ESOP A Plan, certain directors, management and employees (the "Grantees") were granted 11,954,979 Restricted Shares through Shenzhen Youjia Qingcheng Investment L.P. (深圳佑駕清成投資企業(有限合夥)) at a consideration of RMB0.01 per share as an incentive for their services, full-time commitment and expertise to the Group.

All Restricted Shares granted vest as follows: 4 years of service from the date of commencement for employees granted shares from 2016 to 2020; 4 years of service from the date of grant for employees granted shares from 2021 to October 2023; 3 years of service from the date of successful listing for employees granted shares after October 2023.

In May 2024, for employees granted shares after 2020, the vesting periods have been modified as follows: 1 year of service from the date of successful listing for half of the restricted shares; 3 years of service from the date of successful listing for the other half of the restricted shares.

If the employee ceases to be employed by the Group during that period, the awarded shares will be forfeited and the forfeited shares will be repurchased by Dr. Liu Guoqing at the subscribed share of the contributed capital at grant date together with the contractually agreed interest price and reallocated in subsequent grants (if any) at the discretion of Dr. Liu Guoqing.

Set out below are the movement in the number of awarded restricted shares under the ESOP A Plan:

| | Number of total equity awards |
|---|---|
| As at January 1, 2021 | 1,327,966 |
| Granted | 223,760 |
| Forfeited | 227,400 |
| As at December 31, 2021 | 1,324,326 |

| | Number of total equity awards |
|---|---|
| As at January 1, 2022 | 1,324,326 |
| Granted | – |
| Forfeited | 105,321 |
| As at December 31, 2022 | 1,219,005 |
| As at January 1, 2023 | 1,219,005 |
| Granted | 610,985 |
| Forfeited | 546,222 |
| Capitalization Issue | 10,671,211 |
| As at December 31, 2023 | 11,954,979 |
| As at January 1, 2024 | 11,954,979 |
| Granted | 520,169 |
| Forfeited | 88,967 |
| As at June 30, 2024 | 12,386,181 |
| *(Unaudited)* | |
| As at January 1, 2023 | 1,219,005 |
| Granted | 460,337 |
| Forfeited | 467,050 |
| As at June 30, 2023 | 1,212,292 |

The fair value of each awarded restricted shares was calculated based on the most recent transaction price of the Company's shares at the grant date.

(ii) In March 2022, the shareholders approved an employee stock ownership plan (ESOP B Plan), which proposes to grant certain incentive shares of the Company to certain executives and employees in the form of a capital increase, in order to attract and retain the talents and to provide incentives that align the interests of Shareholders, the Company and employees, for long-term development of the Company.

In April and May 2021, Shenzhen Youjia Licheng L.P. (深圳佑駕礪成企業(有限合夥)) and Shenzhen Youjia Zhongcheng Investment L.P. (深圳佑駕眾成投資企業(有限合夥)) were incorporated in the PRC under the PRC Company Law as a vehicle to hold ordinary shares ("Restricted Shares") for the benefit of the employees of the Company under the ESOP B Plan.

Pursuant to ESOP B Plan, certain directors, management and employees (the "Grantees") were granted 8,722,901 Restricted Shares through Shenzhen Youjia Zhongcheng Investment L.P. (深圳佑駕眾成投資企業(有限合夥)) and Shenzhen Youjia Licheng L.P. (深圳佑駕礪成企業(有限合夥)) at a consideration of RMB0.01 per share as an incentive for their services, full-time commitment and expertise to the Group.

All Restricted Shares granted vest as follows: for employees who are granted shares from 2018 to September 2023, four years from the date of grant of the shares; and for employees who are granted shares after October 2023, three years from the date of the successful IPO.

In May 2024, for employees granted shares after 2020, the vesting periods have been modified as follows: 1 year of service from the date of successful listing for half of the restricted shares; 3 years of service from the date of successful listing for the other half of the restricted shares.

If the employee ceases to be employed by the Group during that period, the awarded shares will be forfeited and the forfeited shares will be repurchased by Dr. Liu Guoqing at the subscribed share of the contributed capital at grant date together with a contractually agreed interest price and reallocated in subsequent grants, if any, at the discretion of Dr. Liu Guoqing.

Set out below are the movement in the number of awarded restricted shares under the ESOP B Plan:

| | Number of total equity awards |
|---|---|
| As at January 1, 2021 | 329,732 |
| Granted | 2,982 |
| Forfeited | – |
| As at December 31, 2021 | 332,714 |
| As at January 1, 2022 | 332,714 |
| Granted | 585,027 |
| Forfeited | – |
| As at December 31, 2022 | 917,741 |
| As at January 1, 2023 | 917,741 |
| Granted | 1,068,851 |
| Forfeited | 1,049,896 |
| Capitalization issue | 7,786,205 |
| As at December 31, 2023 | 8,722,901 |
| As at January 1, 2024 | 8,722,901 |
| Granted | 597,512 |
| Forfeited | 597,512 |
| As at June 30, 2024 | 8,722,901 |
| *(Unaudited)* | |
| As at January 1, 2023 | 917,741 |
| Granted | 918,399 |
| Forfeited | 920,361 |
| As at June 30, 2023 | 915,779 |

The fair value of each awarded restricted shares was calculated based on the most recent transaction price of the Company's shares at the grant date.

**(b) Expenses arising from share-based payment transactions**

Total expenses arising from share-based payment transactions recognized during the year as part of employee benefit expense were as follows:

| | As at December 31, | | | As at June 30, |
|---|---|---|---|---|
| | 2021 | 2022 | 2023 | 2024 |
| | *RMB'000* | *RMB'000* | *RMB'000* | *RMB'000* |
| Share-based payment expenses | 8,802 | 14,960 | 22,401 | 15,311 |

## 30. FINANCIAL INSTRUMENTS BY CATEGORY

**The Group**

| | | As at December 31, | | | As at June 30, |
|---|---|---|---|---|---|
| | *Note* | 2021 | 2022 | 2023 | 2024 |
| **Financial Assets** | | *RMB'000* | *RMB'000* | *RMB'000* | *RMB'000* |
| Financial assets at FVPL | 24 | 135,187 | 44,581 | 210,597 | 120,901 |
| Financial assets at FVOCI | 23 | 38,438 | 23,558 | 36,462 | 7,008 |
| Financial assets at amortized cost: | | | | | |
| – Trade and notes receivables | 21 | 100,890 | 217,670 | 333,585 | 398,360 |
| – Other receivables | 22 | 2,562 | 4,572 | 7,095 | 9,105 |
| – Restricted cash | 25 | – | 20,010 | 1,690 | 1,690 |
| – Cash and cash equivalents | 25 | 272,824 | 243,785 | 197,934 | 220,125 |
| | | 549,901 | 554,176 | 787,363 | 757,189 |

| | | As at December 31, | | | As at June 30, |
|---|---|---|---|---|---|
| | *Note* | 2021 | 2022 | 2023 | 2024 |
| **Financial Liabilities** | | *RMB'000* | *RMB'000* | *RMB'000* | *RMB'000* |
| Borrowings | 31 | 26,600 | 55,560 | 96,660 | 182,252 |
| Financial liabilities at amortized cost: | | | | | |
| – Trade and notes payables | 34 | 32,186 | 111,196 | 130,098 | 149,505 |
| – Other payables and accruals (excluding salaries and welfare payables, VAT and other taxes payables and warranty provision) | 35 | 214,123 | 13,819 | 16,565 | 26,430 |
| – Lease liabilities | 16 | 15,467 | 14,140 | 34,291 | 28,016 |
| | | 288,376 | 194,715 | 277,614 | 386,203 |

The Group's exposure to various risks associated with the financial instruments is discussed in Note 3. The maximum exposure to credit risk at end of the Track Record Period is the carrying amount of each class of financial assets mentioned above.

## 31. BORROWINGS

**The Group**

| | As at December 31, | | | As at June 30, |
|---|---|---|---|---|
| | 2021 | 2022 | 2023 | 2024 |
| | *RMB'000* | *RMB'000* | *RMB'000* | *RMB'000* |
| **Bank borrowings included in non-current liabilities** | | | | |
| Bank Borrowings – unsecured and guaranteed *(a)* | – | – | 20,000 | 65,631 |
| Less: long-term borrowings due within one year/period | – | – | (1,200) | (20,600) |
| | – | – | 18,800 | 45,031 |

| | As at December 31, | | | As at June 30, |
|---|---|---|---|---|
| | 2021 | 2022 | 2023 | 2024 |
| | *RMB'000* | *RMB'000* | *RMB'000* | *RMB'000* |
| **Bank borrowings included in current liabilities** | | | | |
| Long-term borrowings due within one year – unsecured and guaranteed | – | – | 1,200 | 20,600 |
| Bank Borrowings – unsecured and guaranteed *(a)* | 17,050 | 9,560 | 76,660 | 66,237 |
| Bank Borrowings – secured and guaranteed *(b)* | 9,550 | 40,000 | – | – |
| Bank Borrowings – unsecured and unguaranteed | – | – | – | 30,384 |
| Borrowings – secured and guaranteed *(c)* | – | 6,000 | – | 20,000 |
| | 26,600 | 55,560 | 77,860 | 137,221 |

(a) As at December 31, 2021, the guaranteed short-term bank borrowings were guaranteed by Dr. Liu Guoqing to the extent of RMB2,400,000. The guaranteed short-term bank borrowings were guaranteed by Dr. Liu Guoqing, Zhou Xiang and Nanjing Youjia Technology Co., Ltd. (南京佑駕科技有限公司) to the extent of RMB9,900,000. The guaranteed short-term bank borrowings were guaranteed by the third party to the extent of RMB2,850,000. The guaranteed short-term bank borrowings were guaranteed by Dr. Liu Guoqing and the third party to the extent of RMB1,900,000. As at December 31, 2022, the guaranteed short-term bank borrowings were guaranteed by Dr. Liu Guoqing to the extent of RMB6,560,000. The guaranteed short-term bank borrowings were guaranteed by Dr. Liu Guoqing and Zhou Xiang to the extent of RMB3,000,000. As at December 31, 2023, the guaranteed long-term bank borrowings were guaranteed by Dr. Liu Guoqing to the extent of RMB20,000,000. The guaranteed short-term bank borrowings were guaranteed by Dr. Liu Guoqing to the extent of RMB46,660,000. The guaranteed short-term bank borrowings were guaranteed by Dr. Liu Guoqing and Mr. Yang Guang to the extent of RMB30,000,000.

As at June 30, 2024, the guaranteed long-term bank borrowings were guaranteed by Dr. Liu Guoqing to the extent of RMB49,100,000. The guaranteed long-term bank borrowings were guaranteed by Dr. Liu Guoqing and Mr. Yang Guang to the extent of RMB16,531,000. The guaranteed short-term bank borrowings were guaranteed by Dr. Liu Guoqing to the extent of RMB66,237,000. All the borrowings above were denominated in RMB with an effective interest rate from 3.0% to 4.9% per annum.

(b) As at 31 December 2021, the Group borrowed one short-term loan of RMB5,000,000 at an effective interest rate of 4.5% from Pudong Development Silicon Valley Bank, which was secured by Dr. Liu Guoqing and Mr. Yang Guang. As at 31 December 2021, the Group borrowed another short-term loan of RMB4,550,000 at an effective interest rate of 4.35% from Bank of China, which was secured by Dr. Liu Guoqing. As at 31 December 2022, the Group borrowed a short-term loan of RMB40,000,000 at an effective interest rate of 4.2% from Pudong Development Silicon Valley Bank, which was secured by Dr. Liu Guoqing and Mr. Yang Guang. All the borrowings above were secured by the Group's trade receivables.

(c) As at December 31, 2022, the Group borrowed one short-term secured and guaranteed loan of RMB6,000,000 at an annualized interest rate of 4.9% from the third party, secured by intellectual property rights and guaranteed by Dr. Liu Guoqing, Mr. Wang Qicheng and Mr. Yang Guang.

As at June 30, 2024, the Group borrowed one short-term secured and guaranteed loan of RMB20,000,000 at an annualized interest rate of 4.9% from the third party, secured by intellectual property rights and guaranteed by Dr. Liu Guoqing, Mr. Wang Qicheng and Mr. Yang Guang.

(d) The personal guarantees provided by related parties will be released upon listing.

**The Company**

| | As at December 31, | | | As at June 30, |
|---|---|---|---|---|
| | 2021 | 2022 | 2023 | 2024 |
| | *RMB'000* | *RMB'000* | *RMB'000* | *RMB'000* |
| **Bank borrowings included in non-current liabilities** | | | | |
| Bank Borrowings – unsecured and guaranteed | – | – | 20,000 | 65,631 |
| Less: long-term borrowings due within one year/period | – | – | (1,200) | (20,600) |
| | – | – | 18,800 | 45,031 |

| | As at December 31, | | | As at June 30, |
|---|---|---|---|---|
| | 2021 | 2022 | 2023 | 2024 |
| | *RMB'000* | *RMB'000* | *RMB'000* | *RMB'000* |
| **Bank borrowings included in current liabilities** | | | | |
| Long-term borrowings due within one year – unsecured and guaranteed | – | – | 1,200 | 20,600 |
| Bank Borrowings – unsecured and guaranteed | 17,050 | 6,560 | 76,660 | 66,237 |
| Bank Borrowings – secured and guaranteed | 9,550 | 40,000 | – | – |
| Bank Borrowings – unsecured and unguaranteed | – | – | – | 30,384 |
| Borrowings – secured and guaranteed | – | 6,000 | – | 20,000 |
| | 26,600 | 52,560 | 77,860 | 137,221 |

## 32. DEFERRED INCOME

**The Group**

| | As at December 31, | | | As at June 30, |
|---|---|---|---|---|
| | 2021 | 2022 | 2023 | 2024 |
| | *RMB'000* | *RMB'000* | *RMB'000* | *RMB'000* |
| Government grants | 3,888 | 14,870 | 12,885 | 11,876 |

The Group received government grants for R&D projects and talent subsidies. The government grants were recorded as deferred income and credited to profit or loss according to the use progress of subsidies.

**The Company**

| | As at December 31, | | | As at June 30, |
|---|---|---|---|---|
| | 2021 | 2022 | 2023 | 2024 |
| | *RMB'000* | *RMB'000* | *RMB'000* | *RMB'000* |
| Government grants | 3,087 | 13,721 | 12,387 | 11,378 |

## 33. DEFERRED INCOME TAXES

**The Group**

The analysis of deferred income tax assets and deferred income tax liabilities are as follows:

| | As at December 31, | | | As at June 30, |
|---|---|---|---|---|
| | 2021 | 2022 | 2023 | 2024 |
| | *RMB'000* | *RMB'000* | *RMB'000* | *RMB'000* |
| Total deferred income tax assets: | 2,625 | 2,613 | 5,753 | 3,655 |
| Set-off of deferred tax liabilities pursuant to set-off provisions *(a)* | (2,625) | (2,613) | (5,753) | (3,655) |
| Net deferred income tax assets | – | – | – | – |
| Deferred income tax assets: | | | | |
| – to be recovered within 1 year | 1,531 | 1,488 | 2,731 | 2,373 |
| – to be recovered more than 1 year | 1,094 | 1,125 | 3,022 | 1,282 |
| | 2,625 | 2,613 | 5,753 | 3,655 |
| Total deferred income tax liabilities | 2,625 | 2,613 | 5,753 | 3,655 |
| Set-off of deferred tax assets pursuant to set-off provisions *(a)* | (2,625) | (2,613) | (5,753) | (3,655) |
| Net deferred income tax liabilities | – | – | – | – |
| Deferred income tax liabilities: | | | | |
| – to be recovered within 1 year | 1,531 | 1,488 | 2,731 | 2,373 |
| – to be recovered more than 1 year | 1,094 | 1,125 | 3,022 | 1,282 |
| | 2,625 | 2,613 | 5,753 | 3,655 |

(a) The Group offset deferred tax assets and deferred tax liabilities for presentation purposes only if the deferred tax assets and the deferred tax liabilities relate to income taxes levied by the same tax authority on same tax payee.

The movement in deferred income tax assets are as follows:

| Deferred income tax assets | Lease liabilities | Total |
|---|---|---|
| | *RMB'000* | *RMB'000* |
| **As at January 1, 2021** | 1,023 | 1,023 |
| Credit to profit or loss *(Note 12)* | 1,602 | 1,602 |
| **As at December 31, 2021** | 2,625 | 2,625 |
| **As at January 1, 2022** | 2,625 | 2,625 |
| Credit to profit or loss *(Note 12)* | (12) | (12) |
| **As at December 31, 2022** | 2,613 | 2,613 |
| **As at January 1, 2023** | 2,613 | 2,613 |
| Credit to profit or loss *(Note 12)* | 3,140 | 3,140 |
| **As at December 31, 2023** | 5,753 | 5,753 |
| **As at January 1, 2024** | 5,753 | 5,753 |
| Credit to profit or loss *(Note 12)* | (2,098) | (2,098) |
| **As at June 30, 2024** | 3,655 | 3,655 |

| Deferred income tax liabilities | Right-of-use assets | Total |
|---|---|---|
| | RMB'000 | RMB'000 |
| **As at January 1, 2021** | 1,023 | 1,023 |
| Debit to profit or loss *(Note 12)* | 1,602 | 1,602 |
| **As at December 31, 2021** | 2,625 | 2,625 |
| **As at January 1, 2022** | 2,625 | 2,625 |
| Debit to profit or loss *(Note 12)* | (12) | (12) |
| **As at December 31, 2022** | 2,613 | 2,613 |
| **As at January 1, 2023** | 2,613 | 2,613 |
| Debit to profit or loss *(Note 12)* | 3,140 | 3,140 |
| **As at December 31, 2023** | 5,753 | 5,753 |
| **As at January 1, 2024** | 5,753 | 5,753 |
| Debit to profit or loss *(Note 12)* | (2,098) | (2,098) |
| **As at June 30, 2024** | 3,655 | 3,655 |

**The Company**

The analysis of deferred income tax assets and deferred income tax liabilities are as follows:

| | As at December 31, | | | As at June 30, |
|---|---|---|---|---|
| | 2021 | 2022 | 2023 | 2024 |
| | RMB'000 | RMB'000 | RMB'000 | RMB'000 |
| Total deferred income tax assets: | 1,549 | 1,211 | 3,572 | 2,774 |
| Set-off of deferred tax liabilities pursuant to set-off provisions *(a)* | (1,549) | (1,211) | (3,572) | (2,774) |
| Net deferred income tax assets | – | – | – | – |
| Deferred income tax assets: | | | | |
| – to be recovered within 1 year | 1,025 | 680 | 1,627 | 1,717 |
| – to be recovered more than 1 year | 524 | 531 | 1,945 | 1,057 |
| | 1,549 | 1,211 | 3,572 | 2,774 |
| Total deferred income tax liabilities | 1,549 | 1,211 | 3,572 | 2,774 |
| Set-off of deferred tax assets pursuant to set-off provisions *(a)* | (1,549) | (1,211) | (3,572) | (2,774) |
| Net deferred income tax liabilities | – | – | – | – |
| Deferred income tax liabilities: | | | | |
| – to be recovered within 1 year | 1,025 | 680 | 1,627 | 1,717 |
| – to be recovered more than 1 year | 524 | 531 | 1,945 | 1,057 |
| | 1,549 | 1,211 | 3,572 | 2,774 |

(a) The Company offset deferred tax assets and deferred tax liabilities for presentation purposes only if the deferred tax assets and the deferred tax liabilities relate to income taxes levied by the same tax authority on same tax payee.

The movement in deferred income tax assets are as follows:

| Deferred income tax assets | Lease liabilities | Total |
|---|---|---|
| | RMB'000 | RMB'000 |
| **As at January 1, 2021** | 1,023 | 1,023 |
| Credit to profit or loss *(Note 12)* | 526 | 526 |
| **As at December 31, 2021** | 1,549 | 1,549 |
| **As at January 1, 2022** | 1,550 | 1,550 |
| Credit to profit or loss *(Note 12)* | (339) | (339) |
| **As at December 31, 2022** | 1,211 | 1,211 |
| **As at January 1, 2023** | 1,211 | 1,211 |
| Credit to profit or loss *(Note 12)* | 2,361 | 2,361 |
| **As at December 31, 2023** | 3,572 | 3,572 |
| **As at January 1, 2024** | 3,572 | 3,572 |
| Credit to profit or loss *(Note 12)* | (798) | (798) |
| **As at June 30, 2024** | 2,774 | 2,774 |

| Deferred income tax liabilities | Right-of-use assets | Total |
|---|---|---|
| | RMB'000 | RMB'000 |
| **As at January 1, 2021** | 1,023 | 1,023 |
| Debit to profit or loss *(Note 12)* | 526 | 526 |
| **As at December 31, 2021** | 1,549 | 1,549 |
| **As at January 1, 2022** | 1,550 | 1,550 |
| Debit to profit or loss *(Note 12)* | (339) | (339) |
| **As at December 31, 2022** | 1,211 | 1,211 |
| **As at January 1, 2023** | 1,211 | 1,211 |
| Debit to profit or loss *(Note 12)* | 2,361 | 2,361 |
| **As at December 31, 2023** | 3,572 | 3,572 |
| **As at January 1, 2024** | 3,572 | 3,572 |
| Debit to profit or loss *(Note 12)* | (798) | (798) |
| **As at June 30, 2024** | 2,774 | 2,774 |

## 34. TRADE AND NOTES PAYABLES

**The Group**

| | As at December 31, | | | As at June 30, |
|---|---|---|---|---|
| | 2021 | 2022 | 2023 | 2024 |
| | RMB'000 | RMB'000 | RMB'000 | RMB'000 |
| Trade payables | | | | |
| – payables for raw materials | 31,279 | 111,196 | 130,098 | 149,505 |
| Notes payables | | | | |
| – payables for raw materials | 907 | – | – | – |
| | 32,186 | 111,196 | 130,098 | 149,505 |

(a) The carrying amounts of trade payables approximated their fair values due to their short-term maturity in nature.

(b) As at December 31, 2021, 2022 and 2023 and June 30, 2024, the aging analysis of the trade and notes payables based on recognized date is as follows:

| | As at December 31, | | | As at June 30, |
|---|---|---|---|---|
| | 2021 | 2022 | 2023 | 2024 |
| | *RMB'000* | *RMB'000* | *RMB'000* | *RMB'000* |
| Within 1 year | 31,695 | 105,913 | 100,802 | 121,188 |
| 1 to 2 years | 482 | 5,281 | 26,539 | 24,966 |
| Over 2 years | 9 | 2 | 2,757 | 3,351 |
| | 32,186 | 111,196 | 130,098 | 149,505 |

(c) The maturity term of the notes payables is within 3 months.

As at December 31, 2021, 2022 and 2023 and June 30, 2024, the Company had guaranteed notes payables from a PRC bank with amounts totaling RMB907,000, nil, nil, and nil respectively.

**The Company**

| | As at December 31, | | | As at June 30, |
|---|---|---|---|---|
| | 2021 | 2022 | 2023 | 2024 |
| | *RMB'000* | *RMB'000* | *RMB'000* | *RMB'000* |
| Trade payables | | | | |
| – payables for materials | 22,259 | 81,665 | 97,617 | 136,019 |
| Notes payables | | | | |
| – payables for materials | 907 | – | – | – |
| | 23,166 | 81,665 | 97,617 | 136,019 |

## 35. OTHER PAYABLES AND ACCRUALS

**The Group**

| | As at December 31, | | | As at June 30, |
|---|---|---|---|---|
| | 2021 | 2022 | 2023 | 2024 |
| | *RMB'000* | *RMB'000* | *RMB'000* | *RMB'000* |
| Payroll and welfare payables | 24,740 | 29,131 | 24,507 | 15,383 |
| VAT and other taxes payables | 4,175 | 4,584 | 5,026 | 3,985 |
| Accrued expenses | 7,129 | 10,950 | 7,900 | 7,485 |
| Payable for long-term assets | 359 | 1,412 | 3,520 | 6,186 |
| Advance receipts of financing *(a)* | 200,000 | – | – | – |
| Warranty provision | 3,518 | 5,605 | 9,297 | 10,765 |
| Accrued listing expenses | – | – | – | 7,799 |
| Others | 6,635 | 1,457 | 5,145 | 4,960 |
| | 246,556 | 53,139 | 55,395 | 56,563 |

**The Company**

| | As at December 31, | | | As at June 30, |
|---|---|---|---|---|
| | 2021 | 2022 | 2023 | 2024 |
| | *RMB'000* | *RMB'000* | *RMB'000* | *RMB'000* |
| Payroll and welfare payables | 19,003 | 23,745 | 17,014 | 10,370 |
| Amount due to subsidiaries | 27,047 | 206,633 | 196,646 | 180,978 |
| VAT and other taxes payables | 881 | 1,295 | 1,101 | 1,256 |
| Interest payables | 1,722 | 5,278 | 12,452 | 11,024 |
| Accrued expenses | 6,444 | 6,775 | 6,011 | 5,687 |
| Payable for long-term assets | 9 | 635 | 445 | 4,144 |
| Advance receipts of financing *(a)* | 200,000 | – | – | – |
| Warranty provision | 3,518 | 5,605 | 9,297 | 10,765 |
| Accrued listing expenses | – | – | – | 7,799 |
| Others | 3,570 | 1,172 | 3,758 | 4,660 |
| | 262,194 | 251,138 | 246,724 | 236,683 |

(a) Minieye Technology Co., Ltd (深圳佑駕創新科技股份有限公司) received the prepayment of equity investment from Guokai Zhizao Transformation and Upgrading Fund (Limited Partnership) (國開製造業轉型升級基金(有限合夥)) and recorded it as other payables due to the transaction that had not been completed as at December 31, 2021.

As at December 31, 2021, 2022 and 2023 and June 30, 2024, the carrying amount of the Group's and the Company's other payables and accruals were primarily denominated in RMB.

## 36. CASH FLOW INFORMATION

### (a) Cash used in operations

| | Year ended December 31, | | | Six months ended June 30, | |
|---|---|---|---|---|---|
| | 2021 | 2022 | 2023 | 2023 | 2024 |
| | *RMB'000* | *RMB'000* | *RMB'000* | *RMB'000* *(Unaudited))* | *RMB'000* |
| **Cash flows from operating activities** | | | | | |
| Loss before income tax | (139,347) | (220,658) | (207,095) | (132,799) | (112,048) |
| Adjustments for: | | | | | |
| Depreciation of property, plant and equipment *(Note 15)* | 3,418 | 7,311 | 10,679 | 5,239 | 6,071 |
| Amortization of intangible assets *(Note 17)* | 375 | 715 | 1,112 | 526 | 929 |
| Depreciation of right-of-use assets *(Note 16)* | 5,400 | 9,608 | 14,588 | 6,989 | 7,626 |
| Depreciation of investment properties *(Note 18)* | – | 81 | 242 | 121 | 121 |
| Inventory provision *(Note 20)* | 4,494 | 5,347 | 6,235 | 4,747 | 9,119 |
| Net (Gains)/losses of disposal of long-term assets *(Note 7)* | (8) | (59) | 60 | (20) | 54 |
| Amortization of deferred income | (4,846) | (3,634) | (1,985) | (960) | (1,009) |
| Net impairment losses on financial assets *(Note 11)* | 2,196 | 7,517 | 6,116 | 4,603 | 6,595 |
| Net foreign exchange losses *(Note 7)* | 174 | 96 | 198 | 148 | 204 |

| | Year ended December 31, | | | Six months ended June 30, | |
|---|---|---|---|---|---|
| | 2021 | 2022 | 2023 | 2023 | 2024 |
| | *RMB'000* | *RMB'000* | *RMB'000* | *RMB'000* *(Unaudited))* | *RMB'000* |
| Share-based payment expenses *(Note 29)* | 8,802 | 14,960 | 22,401 | 11,200 | 15,311 |
| Rent concessions from lessors | – | (359) | (473) | (441) | – |
| Finance costs – net *(Note 10)* | 704 | 287 | 1,406 | 496 | 2,113 |
| Fair value gains on financial assets at FVPL *(Note 24)* | (2,689) | (8,054) | (3,786) | (1,414) | (2,385) |
| **Operating loss before changes in working capital** | (121,327) | (186,842) | (150,302) | (101,565) | (67,299) |
| (Increase)/decrease in inventories | (82,242) | (51,062) | 17,289 | (26,758) | 6,247 |
| (Increase)/decrease in trade and notes receivables | (27,626) | (127,692) | (120,102) | 33,863 | (68,209) |
| Increase in other current assets | (14,708) | (5,980) | (26,458) | (49,475) | (1,522) |
| (Increase)/decrease in restricted cash | – | (20,010) | 18,320 | 18,320 | – |
| (Increase)/decrease in other non-current assets | (7,927) | 1,228 | (4,513) | (1,321) | 201 |
| (Increase)/decrease in financial assets at FVOCI | (35,213) | 14,880 | (12,904) | 1,830 | 29,454 |
| Increase in trade payables and accruals | 6,446 | 79,010 | 18,902 | 6,613 | 19,407 |
| Increase in deferred income | 2,157 | 14,616 | – | – | – |
| Increase/(decrease) in contract liabilities | 1,198 | 20,101 | (18,624) | 1,294 | (2,195) |
| Increase in other payables and accruals | 27,399 | 5,529 | 147 | 1,812 | (2,317) |
| Net cash used in operations | (251,843) | (256,222) | (278,245) | (115,387) | (86,233) |

**(b) Net cash reconciliation**

| | As at December 31, | | | As at June 30, |
|---|---|---|---|---|
| | 2021 | 2022 | 2023 | 2024 |
| | *RMB'000* | *RMB'000* | *RMB'000* | *RMB'000* |
| Cash and cash equivalents | 272,824 | 243,785 | 197,934 | 220,125 |
| Financial assets at FVPL | 135,187 | 44,581 | 210,597 | 120,901 |
| Borrowings | (26,600) | (55,560) | (96,660) | (182,252) |
| Lease liabilities | (15,467) | (14,140) | (34,291) | (28,016) |
| Net cash | 365,944 | 218,666 | 277,580 | 130,758 |

**(c) Reconciliation of liabilities from financing activities**

| | Borrowings | Lease liabilities | Total |
|---|---|---|---|
| | *RMB'000* | *RMB'000* | *RMB'000* |
| As at January 1, 2021 | (11,360) | (7,203) | (18,563) |
| Cash flows | (14,768) | 5,432 | (9,336) |
| Lease addition | – | (15,501) | (15,501) |
| Interest expenses *(Note 10)* | (472) | (444) | (916) |
| Lease termination | – | 2,249 | 2,249 |
| As at December 31, 2021 | (26,600) | (15,467) | (42,067) |
| As at January 1, 2022 | (26,600) | (15,467) | (42,067) |
| Cash flows | (28,102) | 10,396 | (17,706) |
| Lease addition | – | (10,380) | (10,380) |
| Interest expenses *(Note 10)* | (858) | (663) | (1,521) |
| Lease termination | – | 1,974 | 1,974 |
| As at December 31, 2022 | (55,560) | (14,140) | (69,700) |
| As at January 1, 2023 | (55,560) | (14,140) | (69,700) |
| Cash flows | (38,961) | 13,846 | (25,115) |
| Lease addition | – | (33,643) | (33,643) |
| Interest expenses *(Note 10)* | (2,139) | (1,234) | (3,373) |
| Lease termination | – | 880 | 880 |
| As at December 31, 2023 | (96,660) | (34,291) | (130,951) |
| As at January 1, 2024 | (96,660) | (34,291) | (130,951) |
| Cash flows | (82,553) | 7,541 | (75,012) |
| Lease addition | – | (523) | (523) |
| Interest expenses *(Note 10)* | (3,039) | (743) | (3,782) |
| Lease termination | – | – | – |
| As at June 30, 2024 | (182,252) | (28,016) | (210,268) |
| *(Unaudited)* | | | |
| As at January 1, 2023 | (55,560) | (14,140) | (69,700) |
| Cash flows | 1,012 | 4,530 | 5,542 |
| Lease addition | – | (27,523) | (27,523) |
| Interest expenses *(Note 10)* | (1,082) | (428) | (1,510) |
| Lease termination | – | 104 | 104 |
| As at June 30, 2023 | (55,630) | (37,457) | (93,087) |

**(d) Major non-cash investing and financing activities**

Major non-cash investing and financing activities disclosed in other notes are as follows:

- additions to right-of-use assets in respect of leased buildings – Note 16

## 37. RELATED PARTY TRANSACTIONS

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operational decisions. Parties are also considered to be related if they are subject to common control or common significant influence.

Members of key management and their close family members of the Group are also considered as related parties.

The following significant transactions were carried out between the Group and its related parties during the periods presented. In the opinion of the directors of the Company, the related party transactions were carried out in the normal course of business and at terms negotiated between the Group and the respective related parties.

**(a) Names and relationships with related parties**

The table set forth below summaries the names of the related parties and nature of their relationship with the Group.

| Name of related party | Relationship with the Group |
|---|---|
| NavInfo Co., Ltd. | Indirect non-controlling shareholder of the Company |
| China Design Group Co., Ltd. | Non-controlling shareholder of the subsidiary |
| Zhongyan Zhike Data Technology (Shanghai) Co., Ltd. | Non-controlling shareholder of the subsidiary |
| Shanghai Tian Qu Technology Co., Ltd. | Non-controlling shareholder of the subsidiary |
| China Satellite Navigation and Communication Co., Ltd. | Fellow subsidiary of NavInfo Co., Ltd. |
| Jiangsu Zhonghuan satellite navigation communication Co., Ltd. (i) | Fellow subsidiary of NavInfo Co., Ltd. |
| Jiangsu Xintong Intelligent transportation Technology Development Co., Ltd. | Fellow subsidiary of China Design Group Co., Ltd. |
| Dr. Liu Guoqing | Founding shareholder |
| Mr. Yang Guang | Founding shareholder |
| Mr. Zhou Xiang | Founding shareholder |
| Mr. Wang Qicheng | Founding shareholder |

*(i)* Jiangsu Zhonghuan satellite navigation communication Co., Ltd. was the fellow subsidiary of NavInfo Co., Ltd. in 2021 and 2022.

In the opinion of the management of the Company, the related party transactions were carried out in the normal course of business and at terms negotiated between the Group and the respective parties.

**(b) Transactions with related parties**

| | Year ended December 31, | | | Six months ended June 30, | |
|---|---|---|---|---|---|
| | 2021 | 2022 | 2023 | 2023 | 2024 |
| | *RMB'000* | *RMB'000* | *RMB'000* | *RMB'000* *(Unaudited)* | *RMB'000* |
| **Sales of goods or service** | | | | | |
| NavInfo Co., Ltd. | – | 20,773 | 30,260 | 5,340 | – |
| China Design Group Co., Ltd. | – | – | 19,133 | 1,707 | 1,370 |
| China Satellite Navigation and Communication Co., Ltd. | 16 | 376 | 7,455 | 4,668 | 2,588 |
| Zhongyan Zhike Data Technology (Shanghai) Co., Ltd. | – | – | 7,075 | – | – |
| Shanghai Tian Qu Technology Co., Ltd. | 221 | 1,214 | – | – | – |
| Jiangsu Xintong Intelligent transportation Technology Development Co., Ltd. | – | – | 166 | – | – |
| Jiangsu Zhonghuan satellite navigation communication Co., Ltd. | 2 | 1 | – | – | – |
| | 239 | 22,364 | 64,089 | 11,715 | 3,958 |

**(c) Balance with related parties**

| | As at December 31, | | | As at June 30, |
|---|---|---|---|---|
| | 2021 | 2022 | 2023 | 2024 |
| | *RMB'000* | *RMB'000* | *RMB'000* | *RMB'000* |
| **Trade and notes receivables (trade in nature)** | | | | |
| NavInfo Co., Ltd. | – | 17,418 | 32,918 | 459 |
| China Design Group Co., Ltd. | – | – | 9,389 | 8,564 |
| China Satellite Navigation and Communication Co., Ltd. | – | 425 | 7,998 | 9,662 |
| Zhongyan Zhike Data Technology (Shanghai) Co., Ltd. | – | – | 4,000 | 4,000 |
| Shanghai Tian Qu Technology Co., Ltd. | 1,051 | 2,422 | 622 | 622 |
| Jiangsu Xintong Intelligent transportation Technology Development Co., Ltd. | – | – | 188 | – |
| | 1,051 | 20,265 | 55,115 | 23,307 |
| **Other receivables (non-trade in nature)** | | | | |
| Dr. Liu Guoqing | 203 | 262 | 479 | 512 |

The non-trade balance was settled before the prospectus date.

| | As at December 31, | | | As at June 30, |
|---|---|---|---|---|
| | 2021 | 2022 | 2023 | 2024 |
| **Contract liabilities (trade in nature)** | | | | |
| NavInfo Co., Ltd. | 108 | – | – | – |
| China Satellite Navigation and Communication Co., Ltd. | 1 | – | – | – |
| | 109 | – | – | – |

**(d) Guarantees**

| | As at December 31, | | | As at June 30, |
|---|---|---|---|---|
| | 2021 | 2022 | 2023 | 2024 |
| | *RMB'000* | *RMB'000* | *RMB'000* | *RMB'000* |
| Guarantees provided by Dr. Liu Guoqing for the Group's bank borrowings *(Notes 31(a), (b))* | 8,850 | 6,560 | 66,660 | 115,337 |
| Guarantees provided by Dr. Liu Guoqing and Mr. Yang Guang for the Group's bank borrowings *(Notes 31(a), (b))* | 5,000 | 40,000 | 30,000 | 16,531 |
| Guarantees provided by Dr. Liu Guoqing and Mr. Zhou Xiang for the Group's bank borrowings *(Notes 31(a))* | 9,900 | 3,000 | – | – |
| Guarantees provided by Dr. Liu Guoqing, Mr. Yang Guang and Mr. Wang Qi Cheng for the Group's borrowings *(Notes 31(c))* | – | 6,000 | – | 20,000 |
| | 23,750 | 55,560 | 96,660 | 151,868 |

**(e) Key management compensation**

Key management includes directors (executive and non-executive) and the senior management of the Group. The compensation paid or payable to key management for employee services is shown below:

| | Year ended December 31, | | | Six months ended June 30, | |
|---|---|---|---|---|---|
| | 2021 | 2022 | 2023 | 2023 | 2024 |
| | *RMB'000* | *RMB'000* | *RMB'000* | *RMB'000* *(Unaudited)* | *RMB'000* |
| Wages, salaries and bonuses | 2,364 | 1,406 | 3,480 | 2,706 | 2,625 |
| Pension obligations, housing funds, medical insurances and other social insurances | 72 | 84 | 193 | 135 | 161 |
| Share-based payment expenses | – | – | 4,491 | 2,321 | 3,324 |
| | 2,436 | 1,490 | 8,164 | 5,162 | 6,110 |

## 38. BENEFITS AND INTERESTS OF DIRECTORS AND SUPERVISORS

**(a) Directors and supervisors' emoluments**

The remuneration paid or payable to the directors and supervisors of the Company (including emoluments for services as employee/directors/supervisors of the group entities prior to becoming the directors of the Company) during the years ended December 31, 2021, 2022 and 2023 and the six months ended June 30, 2023 and 2024 was as follows.

| | Year ended December 31, 2021 | | | | | |
|---|---|---|---|---|---|---|
| Name | Fees | Wages and salaries | Discretionary bonuses | Social security costs, housing benefits and employee welfare | Share-based payment expenses | Total |
| | *RMB'000* | *RMB'000* | *RMB'000* | *RMB'000* | *RMB'000* | *RMB'000* |
| *Executive directors:* | | | | | | |
| Dr. Liu Guoqing | – | 240 | 400 | 19 | – | 659 |
| Mr. Wang Qicheng | – | 102 | 400 | 18 | – | 520 |
| Mr. Yang Guang | – | 242 | 400 | 19 | – | 661 |
| Mr. Zhou Xiang | – | 240 | 100 | 16 | – | 356 |
| Mr. Wu Jianxin | – | 240 | – | – | – | 240 |
| Mr. Yan Shengye | – | – | – | – | – | – |
| *Non-executive directors:* | | | | | | |
| Mr. Bi Lei | – | – | – | – | – | – |
| Mr. Liu Xin *(i)* | – | – | – | – | – | – |
| Mr. Zhou Wei *(i)* | – | – | – | – | – | – |
| Mr. Chi Ke *(i)* | – | – | – | – | – | – |
| Mr. Huang Hui | – | – | – | – | – | – |
| Ms. Liu Yiran *(i)* | – | – | – | – | – | – |
| Mr. WU YONGMING *(i)* | – | – | – | – | – | – |
| Mr. Jiang Chun *(i)* | – | – | – | – | – | – |
| Ms. Wang Jia *(i)* | – | – | – | – | – | – |
| *Supervisors:* | | | | | | |
| Mr. Yuan Yakang | – | – | – | – | – | – |
| Ms. Zhong Liruo *(i)* | – | – | – | – | – | – |
| Ms. Zhou Lu *(i)* | – | – | – | – | – | – |
| Mr. Feng Xiaoyong *(i)* | – | – | – | – | – | – |
| Mr. Yu Lijie *(i)* | – | – | – | – | – | – |
| Ms. He Shiying *(i)* | – | – | – | – | – | – |
| Mr. Liao Diguang *(i)* | – | 118 | 31 | 6 | 22 | 177 |
| Mr. Wan Hao | – | 256 | 66 | 52 | 113 | 487 |
| | – | 1,438 | 1,397 | 130 | 135 | 3,100 |

| | Year ended December 31, 2022 | | | | | |
|---|---|---|---|---|---|---|
| Name | Fees | Wages and salaries | Discretionary bonuses | Social security costs, housing benefits and employee welfare | Share-based payment expenses | Total |
| | *RMB'000* | *RMB'000* | *RMB'000* | *RMB'000* | *RMB'000* | *RMB'000* |
| *Executive directors:* | | | | | | |
| Dr. Liu Guoqing | – | 240 | 80 | 20 | – | 340 |
| Mr. Wang Qicheng | – | 102 | 80 | 20 | – | 202 |
| Mr. Yang Guang | – | 264 | 80 | 20 | – | 364 |
| Mr. Zhou Xiang | – | 240 | 80 | 23 | – | 343 |
| Mr. Wu Jianxin | – | 240 | – | – | – | 240 |
| Mr. Yan Shengye | – | – | – | – | – | – |
| *Non-executive directors:* | | | | | | |
| Mr. Bi Lei | – | – | – | – | – | – |
| Mr. Liu Xin | – | – | – | – | – | – |
| Mr. Zhou Wei | – | – | – | – | – | – |
| Ms. Liu Yiran | – | – | – | – | – | – |
| Mr. Huang Hui | – | – | – | – | – | – |
| Mr. Chi Ke *(ii)* | – | – | – | – | – | – |
| *Supervisors:* | | | | | | |
| Mr. Yuan Yakang | – | – | – | – | – | – |
| Ms. Zhong Liruo | – | – | – | – | – | – |
| Ms. He Shiying | – | – | – | – | – | – |
| Mr. Liao Diguang | – | 406 | 120 | 21 | – | 547 |
| Mr. Wan Hao | – | 299 | 60 | 53 | 177 | 589 |
| | – | 1,791 | 500 | 157 | 177 | 2,625 |

| | Year ended December 31, 2023 | | | | | |
|---|---|---|---|---|---|---|
| Name | Fees | Wages and salaries | Discretionary bonuses | Social security costs, housing benefits and employee welfare | Share-based payment expenses | Total |
| | *RMB'000* | *RMB'000* | *RMB'000* | *RMB'000* | *RMB'000* | *RMB'000* |
| *Executive directors:* | | | | | | |
| Dr. Liu Guoqing | – | 240 | 400 | 20 | – | 660 |
| Mr. Wang Qicheng | – | 102 | 80 | 19 | – | 201 |
| Mr. Yang Guang | – | 248 | 100 | 20 | – | 368 |
| Mr. Zhou Xiang | – | 240 | 200 | 23 | – | 463 |
| Mr. Wu Jianxin *(iii)* | – | 120 | – | – | – | 120 |
| Mr. Yan Shengye *(iii)* | – | – | – | – | – | – |
| *Non-executive directors:* | | | | | | |
| Mr. Bi Lei | – | – | – | – | – | – |
| Ms. Liu Yiran | – | – | – | – | – | – |
| Mr. Liu Xin *(iii)* | – | – | – | – | – | – |
| Mr. Zhou Wei *(iii)* | – | – | – | – | – | – |
| Mr. Huang Hui *(iii)* | – | – | – | – | – | – |
| *Independent directors:* | | | | | | |
| Mr. Tan Kaiguo *(iii)* | 100 | – | – | – | – | 100 |
| Mr. Xiang Yang *(iii)* | 100 | – | – | – | – | 100 |
| Mr. Tan Mingkui *(iii)* | 100 | – | – | – | – | 100 |

| Name | Fees | Wages and salaries | Discretionary bonuses | Social security costs, housing benefits and employee welfare | Share-based payment expenses | Total |
|---|---|---|---|---|---|---|
| | Year ended December 31, 2023 | | | | | |
| | RMB'000 | RMB'000 | RMB'000 | RMB'000 | RMB'000 | RMB'000 |
| *Supervisors:* | | | | | | |
| Mr. Liao Diguang | – | 416 | 130 | 20 | – | 566 |
| Mr. Wan Hao | – | 291 | 60 | 53 | 177 | 581 |
| Mr. Ao Zhengguang *(iii)* | – | 360 | 111 | 34 | 50 | 555 |
| Mr. Yuan Yakang *(iii)* | – | – | – | – | – | – |
| Ms. Zhong Liruo *(iii)* | – | – | – | – | – | – |
| Ms. He Shiying *(iii)* | – | – | – | – | – | – |
| | 300 | 2,017 | 1,081 | 189 | 227 | 3,814 |

| Name | Fees | Wages and salaries | Discretionary bonuses | Social security costs, housing benefits and employee welfare | Share-based payment expenses | Total |
|---|---|---|---|---|---|---|
| | Six months ended June 30, 2024 | | | | | |
| | RMB'000 | RMB'000 | RMB'000 | RMB'000 | RMB'000 | RMB'000 |
| *Executive directors:* | | | | | | |
| Dr. Liu Guoqing | – | 120 | 200 | 24 | – | 344 |
| Mr. Wang Qicheng | – | 51 | 40 | 9 | – | 100 |
| Mr. Yang Guang | – | 120 | 50 | 24 | – | 194 |
| Mr. Zhou Xiang | – | 138 | 100 | 11 | – | 249 |
| *Non-executive directors:* | | | | | | |
| Mr. Bi Lei | – | – | – | – | – | – |
| Ms. Liu Yiran | – | – | – | – | – | – |
| *Independent directors:* | | | | | | |
| Mr. Tan Kaiguo | 50 | – | – | – | – | 50 |
| Mr. Xiang Yang | 50 | – | – | – | – | 50 |
| Mr. Tan Mingkui | 50 | – | – | – | – | 50 |
| *Supervisors:* | | | | | | |
| Mr. Liao Diguang | – | 217 | 65 | 10 | – | 292 |
| Mr. Wan Hao | – | 151 | 30 | 26 | 88 | 295 |
| Mr. Ao Zhengguang | – | 318 | 95 | 29 | 25 | 467 |
| | 150 | 1,115 | 580 | 133 | 113 | 2,091 |

| Name | Fees | Wages and salaries | Discretionary bonuses | Social security costs, housing benefits and employee welfare | Share-based payment expenses | Total |
|---|---|---|---|---|---|---|
| | Six months ended June 30, 2023 | | | | | |
| | RMB'000 | RMB'000 | RMB'000 | RMB'000 | RMB'000 | RMB'000 |
| *Executive directors:* | | | | | | |
| Dr. Liu Guoqing | – | 120 | 200 | 10 | – | 330 |
| Mr. Wang Qicheng | – | 51 | 40 | 10 | – | 101 |
| Mr. Yang Guang | – | 128 | 50 | 10 | – | 188 |
| Mr. Zhou Xiang | – | 138 | 100 | 11 | – | 249 |

| Name | Six months ended June 30, 2023 | | | | | |
|---|---|---|---|---|---|---|
| | Fees | Wages and salaries | Discretionary bonuses | Social security costs, housing benefits and employee welfare | Share-based payment expenses | Total |
| | *RMB'000* | *RMB'000* | *RMB'000* | *RMB'000* | *RMB'000* | *RMB'000* |
| *Non-executive directors:* | | | | | | |
| Mr. Bi Lei | – | – | – | – | – | – |
| Ms. Liu Yiran | – | – | – | – | – | – |
| Mr. Liu Xin *(iii)* | – | – | – | – | – | – |
| Mr. Zhou Wei *(iii)* | – | – | – | – | – | – |
| Mr. Huang Hui *(iii)* | – | – | – | – | – | – |
| *Independent directors:* | | | | | | |
| Mr. Tan Kaiguo *(iii)* | 50 | – | – | – | – | 50 |
| Mr. Xiang Yang *(iii)* | 50 | – | – | – | – | 50 |
| Mr. Tan Mingkui *(iii)* | 50 | – | – | – | – | 50 |
| *Supervisors:* | | | | | | |
| Mr. Liao Diguang | – | 208 | 65 | 10 | – | 283 |
| Mr. Wan Hao | – | 151 | 30 | 27 | 88 | 296 |
| Mr. Ao Zhengguang *(iii)* | – | 310 | 95 | 30 | 25 | 460 |
| Mr. Yuan Yakang *(iii)* | – | – | – | – | – | – |
| Ms. Zhong Liruo *(iii)* | – | – | – | – | – | – |
| Ms. He Shiying *(iii)* | – | – | – | – | – | – |
| | 150 | 1,106 | 580 | 108 | 113 | 2,057 |

(i) Mr. Liu Xin was appointed as a non-executive director in September 2021.

Mr. Zhou Wei was appointed as a non-executive director in December 2021.

Mr. Chi Ke was appointed as a non-executive director in May 2021.

Ms. Liu Yiran was appointed as a non-executive director in December 2021.

Mr. Wu Yongming resigned from the position of a non-executive director in October 2021.

Mr. Jiang Chun resigned from the position of a non-executive director in December 2021.

Mr. Wang Jia resigned from the position of a non-executive director in September 2021.

Ms. Zhong Liruo was appointed as a supervisor in December 2021.

Ms. Zhou Lu resigned from the position of a supervisor in September 2021.

Mr. Feng Xiaoyong resigned from the position of a supervisor in September 2021.

Mr. Yu Lijie resigned from the position of a supervisor in December 2021.

Mr. Liao Diguang was appointed as a supervisor in May 2021.

Ms. He Shiying was appointed as a supervisor in May 2021.

(ii) Mr. Chi Ke resigned from the position of a non-executive director in January 2022.

(iii) Mr. Wu Jianxin resigned from the position of an executive director in June 2023.

Mr. Yan Shengye resigned from the position of an executive director in June 2023.

Mr. Liu Xin resigned from the position of a non-executive director in June 2023.

Mr. Zhou Wei resigned from the position of a non-executive director in January 2023.

Mr. Huang Hui resigned from the position of a non-executive director in June 2023.

Mr. Tan Kaiguo was appointed as an independent director in April 2023.

Mr. Xiang Yang was appointed as an independent director in April 2023.

Mr. Tan Mingkui was appointed as an independent director in April 2023.

Mr. Ao Zhengguang was appointed as a supervisor in April 2023.

Mr. Yuan Yakang resigned from the position of a supervisor in June 2023.

Ms. Zhong Liruo resigned from the position of a supervisor in June 2023.

Ms. He Shiying resigned from the position of a supervisor in June 2023.

**(b) Directors' retirement and termination benefits**

During the Track Record Period, there were neither termination benefit and nor additional retirement benefit received by the directors except for the attributions to a retirement benefit scheme in accordance with the rules and regulations in the PRC.

**(c) Consideration provided to the third parties for making available directors' services**

During the Track Record Period, the Group did not pay consideration to any third parties for making available directors' services.

**(d) Information about loans, quasi-loans and other dealings in favor of directors, controlled bodies corporate by and connected entities with such directors**

During the Track Record Period, there were no loans, quasi-loans and other dealings entered into by the Company or subsidiaries undertaking of the Company, where applicable, in favor of director.

**(e) Directors and supervisors' material interests in transactions, arrangements or contracts**

No significant transactions, arrangements and contracts in relation to the Group's business to which the Company was a party and in which a director or supervisor of the Company had a material interest, whether directly or indirectly, subsisted at the end of the years or at any time during the Track Record Period.

## 39. COMMITMENTS

### (a) Capital commitments

Significant capital expenditure contracted for at the end of the reporting period but not recognized as liabilities is as follows:

| | As at December 31 | | | As at June 30 |
|---|---|---|---|---|
| | 2021 | 2022 | 2023 | 2024 |
| | *RMB'000* | *RMB'000* | *RMB'000* | *RMB'000* |
| Property, plant and equipment . . . . | – | 67 | 9,416 | 4,606 |
| Intangible assets . . . . . . . . . . . . . | – | – | 1,000 | 1,008 |
| | – | 67 | 10,416 | 5,614 |

## 40. DIVIDENDS

No dividend has been paid or declared by the Company or the subsidiaries of the Company during each of the years ended December 31, 2021, 2022 and 2023 and the six months ended June 30, 2023 and 2024.

## 41. CONTINGENCIES

As at December 31, 2021, 2022 and 2023 and June 30, 2024, there were no significant contingencies items for the Group and the Company.

## 42. SUBSEQUENT EVENTS

There are no material subsequent events undertaken by or impacted on the Company or the Group subsequent to June 30, 2024 and up the date of this report.

## 43. SUMMARY OF OTHER ACCOUNTING POLICIES

### 43.1 Principles of consolidation and equity accounting

The principal accounting policies applied in the preparation of the Historical Financial Information are set out below. These policies have been consistently applied throughout the Track Record Period, unless otherwise stated.

***(a) Subsidiaries***

Subsidiaries are all entities (including a structured entity) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are consolidated fully from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

Intercompany transactions, balances and unrealized gains on transactions between group companies are eliminated. Unrealized losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Non-controlling interests in the results and equity of subsidiaries are shown separately in the consolidated statements of comprehensive loss, consolidated statements of changes in equity and consolidated balance sheets, respectively.

**43.2 Business combination**

The acquisition method of accounting is used to account for all business combinations, regardless of whether equity instruments or other assets are acquired. The consideration transferred for the acquisition of a subsidiary comprises the:

- fair values of the assets transferred
- liabilities incurred to the former owners of the acquired business
- equity interests issued by the Group
- fair value of any asset or liability resulting from a contingent consideration arrangement, and
- fair value of any pre-existing equity interest in the subsidiary.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are, with limited exceptions, measured initially at their fair values at the acquisition date. The Group recognizes any non-controlling interest in the acquired entity on an acquisition-by-acquisition basis either at fair value or at the non-controlling interest's proportionate share of the acquired entity's net identifiable assets.

Acquisition-related costs are expensed as incurred.

The excess of the:

- consideration transferred,
- amount of any non-controlling interest in the acquired entity, and
- acquisition-date fair value of any previous equity interest in the acquired entity

over the fair value of the net identifiable assets acquired is recorded as goodwill. If those amounts are less than the fair value of the net identifiable assets of the business acquired, the difference is recognized directly in profit or loss as a bargain purchase.

Where settlement of any part of cash consideration is deferred, the amounts payable in the future are discounted to their present value as at the date of exchange. The discount rate used is the entity's incremental borrowing rate, being the rate at which a similar borrowing could be obtained from an independent financier under comparable terms and conditions. Contingent consideration is classified either as equity or a financial liability. Amounts classified as a financial liability are subsequently remeasured to fair value with changes in fair value recognized in profit or loss.

If the business combination is achieved in stages, the acquisition date carrying value of the acquirer's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date. Any gains or losses arising from such remeasurement are recognized in profit or loss.

**43.3 Separate financial statements**

Investments in subsidiaries are accounted for at cost less impairment. Cost includes direct attributable costs of investment. The results of subsidiaries are accounted for by the Company on the basis of dividend received and receivable.

Impairment testing of the investments in subsidiaries is required upon receiving a dividend from these investments if the dividend exceeds the total comprehensive income of the subsidiary in the period the dividend is declared or if the carrying amount of the investment in the separate financial statements exceeds the carrying amount in the consolidated financial statements of the investee's net assets including goodwill.

### 43.4 Foreign currency translation

#### *(a) Functional and presentation currency*

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The Company and its primary subsidiaries are incorporated in the PRC and consider RMB as their functional currency. The Group determined to present its Historical Financial Information in RMB.

#### *(b) Transactions and balances*

Foreign currency transactions are translated into the functional currency using the exchange rates at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at year end exchange rates are generally recognized in profit or loss. They are deferred in equity if they relate to qualifying cash flow hedges and qualifying net investment hedges or are attributable to part of the net investment in a foreign operation.

Foreign exchange gains and losses that relate to borrowings are presented in the consolidated statements of comprehensive loss, within finance costs. All other foreign exchange gains and losses are presented in the consolidated statements of comprehensive loss on a net basis within other gains – net.

Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. Translation differences on assets and liabilities carried at fair value are reported as part of the fair value gain or loss. For example, translation differences on non-monetary assets and liabilities such as equities held at fair value through profit or loss are recognized in profit or loss as part of the fair value gain or loss and translation differences on non-monetary assets such as equities classified as fair value through other comprehensive income are recognized in other comprehensive income.

### 43.5 Property, plant and equipment

Property, plant and equipment are stated at historical cost less accumulated depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate asset is derecognized when replaced. All other repairs and maintenance are charged to profit or loss during the financial period in which they are incurred.

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each Track Record Period.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognized within "other gains – net" in the consolidated statements of comprehensive loss.

Construction in progress represents unfinished construction and equipment under construction or pending for installation and is stated at cost less impairment losses. Cost comprises direct costs of construction including borrowing costs attributable to the construction during the period of construction. No provision for depreciation is made on construction in progress until such time as the relevant assets are completed and ready for intended use.

### 43.6 Intangible assets

*(a) Software*

Computer software are initially recognized and measured at costs incurred to acquire and bring them to use, amortized on a straight-line basis over their estimated useful lives, and recorded in amortization within operating expenses in the consolidated statements of comprehensive loss.

*(b) Research and development ("R&D")*

Research expenditure is recognized as an expense as incurred. Costs incurred on research and development projects are recognized as intangible assets when the following criteria are met:

- it is technically feasible to complete the research and development project so that it will be available for us;
- management intends to complete the research and development project and use or sell it;
- there is an ability to use or sell the research and development project;
- it can be demonstrated how the research and development project will generate probable future economic benefits;
- adequate technical, financial and other resources to complete the development and to use or sell the research and development project are available; and
- the expenditure attributable to the research and development project during its development can be reliably measured.

Directly attributable costs which are eligible to be capitalized as part of the research and development project may include employee costs and an appropriate portion of relevant overheads.

Other development expenditures that do not meet these criteria are recognized as an expense as incurred.

Development costs previously recognized as an expense are not recognized as an asset in a subsequent period.

### 43.7 Impairment of non-financial assets

Intangible assets that have an indefinite useful life are not subject to amortization and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. Other assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units). Non-financial assets that suffered an impairment are reviewed for possible reversal of the impairment at the end of each Track Record Period.

### 43.8 Financial assets

*(a) Classification*

The Group classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair value (either through OCI or through profit or loss); and
- those to be measured at amortized cost.

The classification depends on the Group's business model for managing the financial assets and the contractual terms of the cash flows.

For assets measured at fair value, gains and losses will either be recorded in profit or loss or OCI. For investments in equity instruments that are not held for trading, this will depend on whether the Group has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income (FVOCI).

The Group reclassifies debt investments when and only when its business model for managing those assets changes.

***(b) Recognition and derecognition***

Regular way purchases and sales of financial assets are recognized on trade-date, the date on which the Group commits to purchase or sell the asset. Financial assets are derecognized when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership.

***(c) Measurement***

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at FVPL, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVPL are expensed in profit or loss.

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

*Debt instruments*

Subsequent measurement of debt instruments depends on the Group's business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories into which the Group classifies its debt instruments:

- Amortized cost: Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortized cost. Interest income from these financial assets is included in finance income using the effective interest rate method. Any gain or loss arising on derecognition is recognized directly in profit or loss and presented in "other gains – net." Impairment losses are presented as separate line item in the consolidated statements of comprehensive loss.

- FVOCI: Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVOCI. Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest income and foreign exchange gains and losses which are recognized in profit or loss. When the financial asset is derecognized, the cumulative gain or loss previously recognized in OCI is reclassified from equity to profit or loss and recognized in "other gains – net." Interest income from these financial assets is included in finance income using the effective interest rate method. Foreign exchange gains and losses are presented in "other gains – net" and impairment expenses are presented as separate line item in the consolidated statements of comprehensive loss.

- FVPL: Assets that do not meet the criteria for amortized cost or FVOCI are measured at FVPL. A gain or loss on a debt investment that is subsequently measured at FVPL is recognized in profit or loss and presented net within in "other gains – net" in the period in which it arises.

*Equity instruments*

The Group subsequently measures all equity investments at fair value. Where the Group's management has elected to present fair value gains and losses on equity investments in OCI, there is no subsequent reclassification of fair value gains and losses to profit or loss following the derecognition of the investment. Dividends from such investments continue to be recognized in profit or loss as other income when the Group's right to receive payments is established.

Changes in the fair value of financial assets at FVPL are recognized in profit or loss and presented in "other gains – net" in the consolidated statements of comprehensive loss as applicable. Impairment losses (and reversal of impairment losses) on equity investments measured at FVOCI are not reported separately from other changes in fair value.

***(d) Impairment***

The Group assesses on a forward-looking basis the expected credit loss associated with its debt instruments carried at amortized cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

For cash and cash equivalents, restricted cash and long-term bank time deposits, the expected credit loss risk is considered immaterial.

For trade and notes receivables, the Group applies the simplified approach permitted by IFRS 9, which requires expected lifetime losses to be recognized from initial recognition of the assets. The provision matrix is determined based on historical observed default rates over the expected life of the trade and notes receivables with similar credit risk characteristics and is adjusted for forward-looking estimates. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analyzed.

Impairment on other receivables is measured as either 12-month expected credit losses or lifetime expected credit loss, depending on whether there has been a significant increase in credit risk since initial recognition. If a significant increase in credit risk of a receivable has occurred since initial recognition, then impairment is measured as lifetime expected credit losses.

**43.9 Offsetting financial instruments**

Financial assets and liabilities are offset and the net amount is reported in the balance sheets where the entity currently has a legally enforceable right to offset the recognized amounts, and there is an intention to settle on a net basis or realize the asset and settle the liability simultaneously.

**43.10 Cash and cash equivalents**

For the purpose of presentation in the consolidated statements of cash flows, cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

**43.11 Inventories**

Raw materials, work-in-progress and finished goods are stated at the lower of cost and net realizable value. Cost comprises direct materials, direct labor and an appropriate proportion of variable and fixed overhead expenditure, the latter being allocated on the basis of normal operating capacity. Costs are assigned to individual items of inventory on the basis of weighted average costs. Costs of purchased inventory are determined after deducting rebates and discounts. Net realizable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

**43.12 Trade and other payables**

These amounts represent liabilities for goods and services provided to the Group prior to the end of financial year which are unpaid. The amounts are unsecured. Trade and other payables are presented as current liabilities unless payment is not due within 12 months after the Track Record Period. They are recognized initially at their fair value and subsequently measured at amortized cost using the effective interest method.

**43.13 Borrowings**

Borrowings are initially recognized at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortized cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognized in profit or loss over the period of the borrowings using the effective interest method. Fees paid on the establishment of loan facilities are recognized as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalized as a prepayment for liquidity services and amortized over the period of the facility to which it relates.

Borrowings are removed from the consolidated balance sheets when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognized in profit or loss as finance costs.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the Track Record Period.

**43.14 Borrowing costs**

General and specific borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalized during the period of time that is required to complete and prepare the asset for its intended use or sale. Qualifying assets are assets that necessarily take a substantial period of time to get ready for their intended use or sale.

All other borrowing costs are expensed in the period in which they are incurred.

**43.15 Current and deferred income tax**

The income tax expense or credit for the period is the tax payable on the current period's taxable income based on the applicable income tax rate for each jurisdiction adjusted by changes in deferred income tax assets and liabilities attributable to temporary differences and to unused tax losses.

***(a) Current income tax***

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the Track Record Period in the countries where the Company and its subsidiaries operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation and considers whether it is probable that a taxation authority will accept an uncertain tax treatment. The Group measures its tax balances either based on the most likely amount or the expected value, depending on which method provides a better prediction of the resolution of the uncertainty.

***(b) Deferred income tax***

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the Historical Financial Information. However, deferred income tax liabilities are not recognized if they arise from the initial recognition of goodwill. Deferred income tax is also not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the end of the Track Record Period and are expected to apply when the related deferred income tax asset is realized, or the deferred income tax liability is settled.

Deferred income tax assets are recognized only if it is probable that future taxable amounts will be available to utilize those temporary differences and losses.

Deferred income tax liabilities and assets are not recognized for temporary differences between the carrying amount and tax bases of investments in foreign operations where the Group is able to control the timing of the reversal of the temporary differences and it is probable that the differences will not reverse in the foreseeable future.

Deferred income tax assets and liabilities are offset where there is a legally enforceable right to offset current income tax assets and liabilities and where the deferred income tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realize the asset and settle the liability simultaneously.

Current and deferred income tax is recognized in profit or loss, except to the extent that it relates to items recognized in other comprehensive income or directly in equity. In this case, the tax is also recognized in other comprehensive income or directly in equity respectively.

**43.16 Employee benefits**

***(a) Short-term obligations***

Liabilities for wages and salaries, including non-monetary benefits and accumulating sick leave that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related service are recognized in respect of employees' services up to the end of the Track Record Period and are measured at the amounts expected to be paid when the liabilities are settled. The liabilities are presented as current employee benefit obligations in the consolidated statements of balance sheets.

***(b) Pension obligations***

In accordance with the rules and regulations in the PRC, the employees of the Group participate in various defined contribution retirement benefit plans organized by the relevant municipal and provincial governments in the PRC under which the Group and the employees are required to make monthly contributions to these plans calculated as a percentage of the employees' salaries, subject to certain ceiling. Other than the monthly contributions, the Group has no further obligation for the payment of retirement and other post-retirement benefits of its employees. The assets of these plans are held separately from those of the Group in an independent fund managed by the PRC government. The Group's contributions to these plans are expensed as incurred.

***(c) Housing funds, medical insurances and other social insurances***

The employees of the Group are entitled to participate in various government-supervised housing funds, medical insurance and other employee social insurance plan. The Group contributes on a monthly basis to these funds based on certain percentages of the salaries of the employees, subject to certain ceiling. The Group's liability in respect of these funds is limited to the contributions payable in each period.

***(d) Bonus plan***

The expected cost of bonuses is recognized as a liability when the Group has a present legal or constructive obligation for payment of bonus as a result of services rendered by employees and a reliable estimate of the obligation can be made. Liabilities for bonus plans are expected to be settled within 1 year and are measured at the amounts expected to be paid when they are settled.

***(e) Termination benefits***

Termination benefits are payable when employment is terminated by the Group before the normal retirement date, or when an employee accepts voluntary redundancy in exchange for these benefits. The Group recognizes termination benefits at the earlier of the following dates: (a) when the Group can no longer withdraw the offer of those benefits; and (b) when the entity recognizes costs for a restructuring that is within the scope of IAS 37 and involves the payment of terminations benefits. In the case of an offer made to encourage voluntary redundancy, the termination benefits are measured based on the number of employees expected to accept the offer. Benefits falling due more than 12 months after the end of the Track Record Period are discounted to present value.

**43.17 Share-based payment**

The Group operates an equity-settled share-based payment plan, under which the Group receives services from eligible employees as consideration for equity instruments of the Company. The fair value of the employee services received in exchange for the grant of equity instruments is recognized as an expense on the Historical Financial Information. The total amount to be expensed is determined by reference to the fair value of the equity instruments granted:

- including any market performance conditions;
- excluding the impact of any service and non-market performance vesting conditions; and
- including the impact of any non-vesting conditions.

The total expense is recognized over the vesting period, which is the period over which all of the specified vesting conditions are to be satisfied. At the end of each Track Record Period, the Group revises its estimates of the number of shares that are expected to vest based on the non-marketing performance and service conditions. It recognizes the impact of the revision to original estimates, if any, in profit or loss, with a corresponding adjustment to equity.

Where there is any modification of terms and conditions which increases the fair value of the equity instruments granted, the Group includes the incremental fair value granted in the measurement of the amount recognized for the services received over the remainder of the vesting period. The incremental fair value is the difference between the fair value of the modified equity instrument and that of the original equity instrument, both estimated as at the date of the modification. An expense based on the incremental fair value is recognized over the period from the modification date to the date when the modified equity instruments vest in addition to any amount in respect of the original instrument, which should continue to be recognized over the remainder of the original vesting period.

**43.18 Provisions**

Provisions for legal claims, warranties and make good obligations are recognized when the Group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and the amount can be reliably estimated. Provisions are not recognized for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognized even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the end of the Track Record Period. The discount rate used to determine the present value is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the passage of time is recognized as interest expense.

**43.19 Leases**

***Lease as lessee***

The Group leases various offices and factories. Leases are initially recognized as a right-of-use asset and corresponding liability at the date when the leased asset is available for use by the Group. Each lease payment is allocated between the principal and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The right-of-use asset is depreciated on a straight-line basis over the shorter of the asset's estimated useful life and the lease term.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments (if applicable):

- fixed payments (including in-substance fixed payments), less any lease incentives receivable;
- variable lease payment that are based on an index or a rate, initially measured using the index or rate as of the commencement date;

- amounts expected to be payable by the lessee under residual value guarantees;
- the exercise price of a purchase option if the lessee is reasonably certain to exercise that option; and
- payments of penalties for terminating the lease, if the lease term reflects the lessee exercising that option.

Lease payments to be made under reasonably certain extension options are also included in the measurement of lease liabilities.

The lease payments are discounted using the interest rate implicit in the lease, if that rate can be determined, or the Group's incremental borrowing rate, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

The discount rate used is the entity's incremental borrowing rate, being the rate at which a similar borrowing could be obtained from an independent financier under comparable terms and conditions.

If a readily observable amortizing loan rate is available to the individual lessee (through recent financing or market data) which has a similar payment profile to the lease, then the Group use that rate as a starting point to determine the incremental borrowing rate.

Lease payments are allocated between principal and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each reporting period.

Right-of-use assets are measured at cost comprising the following (if applicable):

- the amount of the initial measurement of lease liabilities;
- any lease payments made at or before the commencement date, less any lease incentive received;
- any initial direct costs.

Right-of-use assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. If the Group is reasonably certain to exercise a purchase option, the right-of-use asset is depreciated over the underlying asset's useful life.

Payments associated with short-term leases are recognized on a straight-line basis as an expense. Short-term leases are leases with a lease term of 12 months or less without a purchase option.

**43.20 Loss per share**

***(a) Basic loss per share***

Basic loss per share is calculated by dividing:

- the loss attributable to equity holders of the Company, excluding any costs of servicing equity other than ordinary shares
- by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the year and excluding treasury stock.

*(b) Diluted loss per share*

Diluted loss per share adjusts the figures used in the determination of basic loss per share to take into account:

- the after-income tax effect of interest and other financing costs associated with dilutive potential ordinary shares, and
- the weighted average number of additional ordinary shares that would have been outstanding assuming the conversion of all dilutive potential ordinary shares.

**43.21 Government grants**

Grants from the government are recognized at their fair value where there is a reasonable assurance that the grant will be received and the Group will comply with all attached conditions.

Government grants relating to costs are deferred and recognized in profit or loss over the period necessary to match them with the costs that they are intended to compensate.

Government grants relating to the purchase of property, plant and equipment are included in non-current liabilities as deferred income and are credited to profit or loss on a straight-line basis over the expected lives of the related assets.

**43.22 Interest income**

Interest income from financial assets at FVPL is included in the net fair value gains/(losses) on these assets, see Note 7 below.

Interest income on financial assets at amortized cost and financial assets at FVOCI calculated using the effective interest method is recognized in profit or loss as part of other income.

Interest income is presented as finance income where it is earned from financial assets that are held for cash management purposes, see Note 10 below. Any other interest income is included in other income.

Interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset except for financial assets that subsequently become credit impaired. For credit-impaired financial assets the effective interest rate is applied to the net carrying amount of the financial asset (after deduction of the loss allowance).

## III SUBSEQUENT FINANCIAL STATEMENTS

No audited financial statements have been prepared by the Company or any of the subsidiaries now comprising the Group in respect of any period subsequent to June 30, 2024. No dividend or distribution has been declared, made or paid by the Company or any of its subsidiaries now comprising the Group in respect of any period subsequent to June 30, 2024.

*The information set out in this Appendix does not form part of the Accountant's Report from PricewaterhouseCoopers, Certified Public Accountants, Hong Kong, the reporting accountant of the Company, as set out in Appendix I in this prospectus, and is included herein for illustrative purposes only. The unaudited pro forma financial information should be read in conjunction with the section headed "Financial Information" in this prospectus and the Accountant's Report set out in Appendix I to this prospectus.*

## A. UNAUDITED PRO FORMA STATEMENT OF ADJUSTED NET TANGIBLE ASSETS OF THE GROUP

The following unaudited pro forma statement of adjusted net tangible assets of the Group prepared in accordance with Rule 4.29 of the Listing Rules is set out below to illustrate the effect of the Global Offering on the net tangible assets of the Group attributable to the owners of the Company as at June 30, 2024 as if the Global Offering had taken place on that date.

The unaudited pro forma statement of adjusted net tangible assets has been prepared for illustrative purposes only and because of its hypothetical nature, it may not give a true picture of the consolidated net tangible assets of the Group attributable to the owners of the Company as at June 30, 2024 or at any future dates following the Global Offering.

| | **Audited consolidated net tangible assets of the Group attributable to owners of the Company as at June 30, 2024** *(Note 1)* | **Estimated net proceeds from the Global Offering** *(Note 2)* | **Unaudited pro forma adjusted net tangible assets of the Group attributable to owners of the Company as at June 30, 2024** | **Unaudited pro forma adjusted net tangible assets per Share** *(Notes 3 and 4)* | |
|---|---|---|---|---|---|
| | *RMB'000* | *RMB'000* | *RMB'000* | *RMB* | *HK$* |
| Based on an Offer Price of HK$17.00 per Offer Share . . . . | 624,793 | 579,049 | 1,203,842 | 3.02 | 3.23 |
| Based on an Offer Price of HK$20.20 per Offer Share . . . . | 624,793 | 691,540 | 1,316,333 | 3.30 | 3.54 |

*Notes:*

(1) The audited consolidated net tangible assets of the Group attributable to the owners of the Company as at June 30, 2024 is extracted from the Accountant's Report set out in Appendix I to this prospectus, which is based on the audited consolidated net assets of the Group attributable to the owners of the Company as at June 30, 2024 of approximately RMB640,676,000 with adjustments for intangible assets attributable to the owners of the Company as at June 30, 2024 of approximately RMB15,883,000.

(2) The estimated net proceeds from the Global Offering are based on the indicative Offer Price of HK$17.00 and HK$20.20 per Offer Share, being the low and high end of the indicative Offer Price range respectively, after deduction of the estimated underwriting fees and other related expenses (excluding the listing expenses of approximately RMB14,298,000 which have been accounted for in the Group's consolidated statement of profit or loss prior to June 30, 2024) and takes no account of any Shares which may be allotted and issued upon the exercise of the Over-allotment Option.

(3) The unaudited pro forma net tangible assets per Share is arrived at after the adjustments referred to in the preceding paragraphs and on the basis that 399,190,000 Shares were in issue assuming that the Global Offering have been completed on June 30, 2024 but takes no account of any Shares which may be allotted and issued upon the exercise of the Over-allotment Option.

(4) For the purpose of this unaudited pro forma adjusted net tangible assets per Share, the amounts stated in Renminbi are converted into Hong Kong dollars at the rate of HK$1.00 to RMB0.9325. No representation is made that Renminbi has been, could have been or may be converted to Hong Kong dollars, or vice versa, at that rate.

(5) Except as disclosed above, no adjustment has been made to reflect any trading results or other transactions of the Group entered into subsequent to June 30, 2024.

## B. REPORT ON UNAUDITED PRO FORMA FINANCIAL INFORMATION

*The following is the text of a report received from PricewaterhouseCoopers, Certified Public Accountants, Hong Kong, for the purpose of incorporation in this prospectus.*

羅兵咸永道

### INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON THE COMPILATION OF UNAUDITED PRO FORMA FINANCIAL INFORMATION

To the Directors of Minieye Technology Co., Ltd

We have completed our assurance engagement to report on the compilation of unaudited pro forma financial information of Minieye Technology Co., Ltd (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 of the Group as at June 30, 2024, and related notes (the "Unaudited Pro Forma Financial Information") as set out on pages II-1 to II-2 of the Company's prospectus dated December 17, 2024, in connection with the proposed initial public offering of the H shares of the Company (the "Prospectus"). The applicable criteria on the basis of which the Directors have compiled the Unaudited Pro Forma Financial Information are described on pages II-1 to II-2 of the Prospectus.

The Unaudited Pro Forma Financial Information has been compiled by the Directors to illustrate the impact of the proposed initial public offering on the Group's financial position as at June 30, 2024 as if the proposed initial public offering had taken place at June 30, 2024. As part of this process, information about the Group's financial position has been extracted by the Directors from the Group's financial information for the period ended June 30, 2024, on which an accountant's report has been published.

**Directors' Responsibility for the Unaudited Pro Forma Financial Information**

The Directors are responsible for compiling the Unaudited 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").

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**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 (HKSQM) 1, *Quality Management for Firms that Perform Audits or Reviews of Financial Statements, or Other Assurance or Related Services Engagements*, issued by the HKICPA, 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 Accountant's Responsibilities**

Our responsibility is to express an opinion, as required by paragraph 4.29(7) of the Listing Rules, on the Unaudited 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 Unaudited 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 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 accountant plans and performs procedures to obtain reasonable assurance about whether the Directors have compiled the Unaudited 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 purposes of this engagement, we are not responsible for updating or reissuing any reports or opinions on any historical financial information used in compiling the Unaudited 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 Unaudited Pro Forma Financial Information.

The purpose of unaudited pro forma financial information included in a prospectus is solely to illustrate the impact of a significant event or transaction on unadjusted financial information of the entity 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 the proposed initial public offering at June 30, 2024 would have been as presented.

A reasonable assurance engagement to report on whether the unaudited 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 unaudited 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 unaudited pro forma financial information reflects the proper application of those adjustments to the unadjusted financial information.

The procedures selected depend on the reporting accountant's judgment, having regard to the reporting accountant's understanding of the nature of the company, the event or transaction in respect of which the unaudited pro forma financial information has been compiled, and other relevant engagement circumstances.

The engagement also involves evaluating the overall presentation of the unaudited pro forma financial information.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our work has not been carried out in accordance with auditing standards or other standards and practices generally accepted in the United States of America or auditing standards of the Public Company Accounting Oversight Board (United States) or standards and practices of any professional body in any other overseas jurisdiction and accordingly should not be relied upon as if it had been carried out in accordance with those standards and practices.

**Opinion**

In our opinion:

(a) the Unaudited Pro Forma Financial Information has been properly compiled by the Directors 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 Unaudited Pro Forma Financial Information as disclosed pursuant to paragraph 4.29(1) of the Listing Rules.

**PricewaterhouseCoopers**
*Certified Public Accountants*
Hong Kong, December 17, 2024

## 1. TAXES FOR SECURITIES HOLDERS

The income tax and the tax on capital gains for holders of H Shares shall be subject to the laws and practices of PRC and the jurisdictions in which the holders of H Shares are residents or subject to taxes for other reasons. The following summary of certain relevant tax provisions is based on current laws and practices, subject to change and not intended to be legal or tax advice. The discussion is not intended to cover all the possible tax consequences of the investment in H Shares, nor does it take into account the particular circumstances of any individual investor, some of which may be subject to special rules. Therefore, you should consult a tax advisor for advice on the tax consequences of the investment in H Shares. The discussion is based on the laws and related interpretations in force as of the date of this document, which are subject to change and may have retroactive effect.

The discussion does not address any PRC tax issues other than income tax, capital tax, value-added tax, stamp duty and estate duty. Prospective investors are advised to consult their financial advisers regarding the PRC and other tax consequences of owning and disposing of H Shares.

### (1) Taxation Regarding Dividends

***Individual investor***

Pursuant to the latest amended Individual Income Tax Law of the People's Republic of China (the "**Individual Income Tax Law**") on August 31, 2018 and the latest Regulations for the Implementation of the Individual Income Tax Law of the People's Republic of China amended on December 18, 2018, dividend distributions by Chinese enterprises are subject to a PRC withholding tax at a flat rate of 20%. For foreign individuals who are not Chinese residents, dividends received from Chinese enterprises are generally subject to a tax rate of 20%, unless specifically exempted by the tax authorities of the State Council or exempted or reduced under an applicable tax treaty.

According to the Circular of State Administration of Taxation on Matters Concerning the Levy and Administration of Individual Income Tax After the Repeal of Guo Shui Fa [1993] No. 045 issued by State Administration of Taxation (the "**SAT**") on June 28, 2011, domestic non-foreign invested enterprises with shares issued in Hong Kong are allowed to withhold individual income tax at a rate of 10% on dividend distributions. For individual holders of H shares who receive dividends and are residents of countries with which the PRC has entered into tax treaties with a tax rate of less than 10%, a non-foreign invested enterprise whose shares are listed in Hong Kong may apply on behalf of such holders for the right to enjoy the preferential treatment of lower tax rate, and once approved by the tax authorities, any over-payment of the withholding tax will be refunded. For individual holders of H shares who receive dividends and are residents of countries with which China has entered into a tax treaty with a tax rate higher than 10% but lower than 20%, the non-foreign invested enterprises are required to withhold tax according to the agreed tax rate of the treaty without the need to file an application. For individual holders of H shares who receive dividends and are residents of countries with which China has not entered into a tax treaty, the non-foreign invested enterprises are required to withhold tax at a rate of 20%.

***Corporate investor***

Pursuant to the Enterprise Income Tax Law promulgated by the National People's Congress on March 16, 2007 and last amended on December 29, 2018 and the Regulations for the Implementation of the Enterprise Income Tax Law of the People's Republic of China promulgated by the State Council on December 6, 2007, which became effective on January 1, 2008, and was amended on April 23, 2019, the enterprise income tax rate will be 25%. A non-resident enterprise that does not have an establishment or premise in China, or that has an establishment or premise in China but its income from sources in China is not physically connected with its establishment or premise, is generally subject to an enterprise income tax rate of 10% on its income from sources in China (including dividends received from a PRC resident enterprise). The foregoing income tax payable by non-resident enterprises is subject to withholding at source, in which the payer of the income is required to withhold it from payments due to the non-resident enterprise.

As further clarified in the Circular of the State Administration of Taxation on Issues Relating to the Withholding and Payment of the Enterprise Income Tax on Dividends Distributed by Chinese Resident Enterprises to Overseas Non-Resident Enterprise Shareholders of H Shares issued and implemented by the SAT on November 6, 2008, Chinese resident enterprises shall withhold and pay the enterprise income tax at a uniform rate of 10% on behalf of the overseas non-resident enterprise holders of H shares when distributing dividends for 2008 and subsequent years. According to the Official Reply of the State Administration of Taxation on Imposition of Enterprise Income Tax on B-share Dividends of Non-resident Enterprises (Guo Shui Han [2009] No. 394) issued by the SAT on July 24, 2009, any Chinese resident enterprise that publicly lists its shares on overseas stock exchange shall uniformly withhold 10% of the dividends distributed to non-resident enterprise shareholders as enterprise income tax for any such distributions made in and after 2008. The above tax rates may be further changed in accordance with tax treaties or agreements entered into between the PRC and the relevant jurisdictions, as applicable.

According to the Arrangement between the Mainland of China and the Hong Kong Special Administrative Region for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with respect to Taxes on Income signed on August 21, 2006 (the "**Arrangement**"), the Chinese government shall have the right to impose a tax on dividends payable by a Chinese resident company to a Hong Kong resident (including the natural person and legal entity), but such tax shall not exceed 10% of the total dividends payable. However, if a Hong Kong resident directly holds 25% or more of the equity interest in a Chinese resident company, the tax levied shall not exceed 5% of the total dividends payable by the Chinese resident company. Pursuant to the Fourth Protocol to the Arrangement between the Mainland of China and the Hong Kong Special Administrative Region for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with respect to Taxes on Income, which came into effect on December 29, 2015, the above provisions do not apply to any arrangement made with the primary purpose of obtaining the above tax benefits. The implementation of the dividend provisions under the tax treaties shall be subject to the Circular of the State Administration of Taxation on Relevant Issues relating to the Implementation of Dividend Clauses in Tax Treaty Agreements (Guo Shui Han [2009] No. 81) and other Chinese tax laws and regulations.

***Tax treaty***

Non-resident investors living in jurisdictions that have entered into treaties with China on the avoidance of double taxation or made relevant adjustments shall be entitled to the relief from the enterprise income tax on dividends received from Chinese resident companies. China has entered into treaties or arrangements on the avoidance of double taxation with a number of countries and regions, including Hong Kong, the Macao Special Administrative Region, Australia, Canada, France, Germany, Japan, Malaysia, the Netherlands, Singapore, the United Kingdom, and the United States. Non-Chinese resident enterprises entitled to preferential tax rates under the relevant tax treaties or arrangements shall apply to the Chinese tax authorities for a refund of the enterprise income tax in excess of the agreed rate, and the refund application shall be approved by the Chinese tax authorities.

**(2) Taxation Regarding Share Transfer**

***Value added tax and local surtax***

Pursuant to the Circular on Comprehensive Launch of Pilot Replacement of Business Tax with Value-added Tax ("**Circular 36**"), which was implemented on May 1, 2016, entities and individuals engaging in the sale of services within the PRC are subject to VAT, and "engaging in the sale of services within the PRC" means that the seller or buyer of taxable services is located in China. Circular 36 also provides that, for general or foreign VAT payers, transfers of financial products (including transfers of ownership of marketable securities) are subject to 6% VAT on the taxable income (i.e., the balance of the sale price less the purchase price). However, the transfer of financial products by individuals is exempted from VAT, as stipulated in the Circular of the Ministry of Finance and the State Administration of Taxation on Certain Exemptions from Business Tax on the Sale and Purchase of Financial Commodities by Individuals, which came into effect on January 1, 2009, and the Provisions on Transitional Policies of the Pilot Program for the Change from Business Tax to Value-added Tax, which was promulgated by the Ministry of Finance and the State Administration of Taxation and came into effect on May 1, 2016. Pursuant to these provisions, the sale or disposal of H Shares is exempt from PRC value-added tax if the holder is a non-resident individual.

In addition, VAT payers are also subject to urban maintenance and construction tax, education surtax and local education surtax (collectively the "**local surtax**"), which is usually 12% of the actual VAT, business tax and consumption tax (if any) payable in urban areas in China.

***Income Tax***

*Individual investor*

Under the Individual Income Tax Law, gains from the transfer of equity interests in Chinese resident enterprises shall be subject to a 20% individual income tax. According to the Circular on Continued Temporary Exemption of Individual Income Tax on Income from Transfer of Stocks promulgated by the Ministry of Finance (the "MOF") and the SAT on March 30, 1998, individuals shall continue to be temporarily exempted from the individual income tax on the income from the transfer of shares in listed companies from January 1, 1997.

According to the Circular on the Issues Relating to the Collection of Individual Income Tax on Individuals' Income from the Transfer of Restricted Shares of Listed Companies jointly promulgated by the MOF, the SAT and the CSRC on December 31, 2009, which came into effect on the same date, individuals shall continue to be exempted from the individual income tax on the income from the transfer of listed shares acquired from the public offering of listed companies and the transfer market on the Shanghai Stock Exchange and the Shenzhen Stock Exchange, with the exception of the relevant restricted shares as defined in the above Circular and the Supplementary Circular on the Issues Relating to the Collection of Individual Income Tax on Individuals' Income from the Transfer of Restricted Shares of Listed Companies, which was jointly promulgated and enforced by the MOF, the SAT and the CSRC on November 10, 2010. As of the Latest Practicable Date, the above provisions did not expressly provide for imposition of the individual income tax on the transfer of shares of Chinese resident enterprises listed on overseas stock exchanges by non-Chinese resident individuals.

*Corporate investor*

According to the Enterprise Income Tax Law, if a non-resident enterprise does not have an institution or premise in China, or has an institution or premise in China but its income derived from China is not actually related to the above-mentioned Chinese institution or premise, it is generally required to pay a 10% enterprise income tax on its income derived from China (including proceeds from sales of equity interest of a Chinese resident enterprise). The enterprise income tax payable by a non-resident enterprise shall be withheld at source, and the payer of the income shall withhold the income tax from the amount to be paid to the non-resident enterprise. The tax may be reduced or exempted under tax treaties or arrangements for the avoidance of double taxation.

*Stamp duty*

According to the Stamp Tax Law of the People's Republic of China, which was promulgated on June 10, 2021 and became effective on July 1, 2022, all the entities and individuals that enter into taxable documents and engage in securities transactions within China shall be taxpayers of stamp duty and shall pay stamp duty in accordance with the provisions of the Stamp Duty Law of the People's Republic of China. Therefore, the provisions on the stamp duty levied on the transfer of shares of listed companies in China do not apply to the purchase and disposal of H shares by non-Chinese investors outside China.

*Estate duty*

As of the date of this document, no estate duty has been imposed on the Company in the PRC under PRC law.

## 2. MAIN TAXES OF THE COMPANY IN CHINA

Please refer to the chapter titled "Regulatory Overview" of this Prospectus.

## 3. FOREIGN EXCHANGE

Renminbi ("RMB"), the legal tender of China, is subject to foreign exchange control and cannot be freely convertible into foreign currencies. The State Administration of Foreign Exchange (the "SAFE") under the People's Bank of China (the "**PBOC**") is responsible for all matters related to foreign exchange, including the implementation of foreign exchange control regulations.

According to the Regulations on Foreign Exchange Control of the People's Republic of China promulgated by the State Council on January 29, 1996, implemented on April 1, 1996, and last revised on August 5, 2008 (the "**Regulations on Foreign Exchange Control**"), all international payments and transfers shall be classified into the current account and capital account. The current account shall be subject to the reasonable examination of the authenticity of transaction documents and their consistency with foreign exchange receipts and payments by the financial institutions engaging in the business of foreign exchange settlement and sales, and shall be subject to the supervision and inspection by the foreign exchange administrative authorities. With regard to the capital account, foreign organizations and individuals making direct investments in China shall, upon approval by the competent authorities concerned, register with the foreign exchange administrative authorities. The foreign exchange income obtained from abroad may be repatriated or deposited abroad. Foreign exchange funds and foreign exchange settlement funds under the capital account shall be used for the purposes approved by the relevant competent authorities and the foreign exchange administrative authorities. When there is or may be a serious imbalance in the balance of payments, or when there is or may be a serious crisis in the national economy, the State may take measures necessary to guarantee and control the balance of payments.

The Regulations on Administration of Settlement, Sale and Payment of Foreign Exchange, promulgated by the PBOC on June 20, 1996 and implemented on July 1, 1996, have abrogated other restrictions on foreign exchange under the current account, but imposed existing restrictions on foreign exchange transactions under the capital account.

According to the Announcement on Improving the Reform of the RMB Exchange Rate Formation Mechanism promulgated and implemented by the PBOC on July 21, 2005, China began to implement a managed floating exchange rate system, with the exchange rate adjusted according to market supply and demand and with reference to a basket of currencies on July 21, 2005. Therefore, the RMB exchange rate is no longer linked to the US dollar. The PBOC shall announce, after the market closes on each working day, the closing price of the exchange rate of the US dollar and other currencies traded in the interbank foreign exchange market against RMB on that day, which serves as the median price for transactions of that currency against RMB on the following working day.

According to China's relevant laws and regulations, when Chinese enterprises (including foreign-invested enterprises) require foreign exchange for current account transactions, they may make payments through foreign exchange accounts opened in designated foreign exchange banks without the approval of foreign exchange control agencies, but valid transaction receipts and vouchers shall be provided. If a foreign-invested enterprise needs to distribute profits to its shareholders through foreign exchange, and a Chinese enterprise (such as the Company) needs to pay dividends to its shareholders through foreign exchange according to relevant regulations, it may make payments from the foreign exchange account of a designated foreign exchange bank or make exchanges and payments at a designated foreign exchange bank according to the resolution of the Board or the general meeting on profit distribution.

According to the Decision of the State Council on the Cancellation and Adjustment of a Batch of Items Requiring Government Review and Approval issued by the State Council on October 23, 2014, it decided to cancel the examination and approval requirements of the SAFE and its branches for the remittance and settlement of proceeds raised from the overseas listing of overseas shares into domestic accounts in RMB.

According to the Circular of the State Administration of Foreign Exchange on Issues Relating to Foreign Exchange Administration of Overseas Listing issued and implemented by the SAFE on December 26, 2014, a domestic company shall, within 15 business days from the date of closing of overseas listing, apply for the registration of overseas listing with the local branch of the SAFE at the place of its incorporation. Proceeds from the overseas listing of the domestic company may be repatriated to a domestic account or deposited in an overseas account, provided that the use of the proceeds is consistent with the contents set out in this document and other disclosure documents.

Pursuant to the Provisions on Foreign Exchange Administration for Direct Investment by Foreign Investors in China, which were promulgated on May 10, 2013, became effective on May 13, 2013, were amended on October 10, 2018 and were partially repealed on December 30, 2019, the administration of direct investment by foreign investors in the PRC by the SAFE or its local branches is required to be carried out by means of registration, and banks are required to process foreign exchange transactions relating to direct investment in the PRC on the basis of the registration information provided by the SAFE and its branches.

In accordance with the Circular of the State Administration of Foreign Exchange on Further Simplifying and Improving the Policy on Foreign Exchange Management of Direct Investment, which was promulgated by the SAFE on February 13, 2015, came into effect on June 1, 2015 and was partially repealed on December 30, 2019, foreign exchange registration for domestic direct investment and overseas direct investment will be directly reviewed and processed by banks, while the SAFE and its branches shall indirectly supervise the foreign exchange registration through banks.

A foreign-funded enterprise may, based on its operating needs, voluntarily settle the foreign exchange capital, pursuant to the Circular of the State Administration of Foreign Exchange Concerning Reform of the Administrative Approaches to Settlement of Foreign Exchange Capital of Foreign-invested Enterprises, which was promulgated on March 30, 2015, validated on June 1, 2015 and abolished in part on December 30, 2019). Foreign-invested enterprises shall not use foreign exchange capital funds settled in RMB for (a) any expenditure outside the scope of business of the foreign-invested enterprise or prohibited by laws and regulations; (b) direct or indirect investment in securities; (c) issuance of entrusted loans (except for those permitted by the scope of business), repayment of inter-enterprise loans (including advances by third parties) or repayment of RMB bank loans that have been transferred to third parties; and (d) purchase of real estate that is not for its own use (except for real estate enterprises).

According to the Circular of the State Administration of Foreign Exchange on Reforming and Standardizing the Policy on Settlement Management of Capital Accounts promulgated and implemented by the SAFE on June 9, 2016, relevant policies have made it clear that domestic institutions may settle their foreign exchange incomes under the capital account (including funds raised from the overseas listing), which are subject to discretional settlement, with banks as actually needed for business operation. The proportion of foreign exchange income under capital account that domestic institutions intend to settle is tentatively set at 100%, provided that the SAFE may adjust the relevant proportion according to the international payment balance status in good time.

## 1. PRC LEGAL SYSTEM

The PRC legal system is based on the Constitution of the PRC (the "**Constitution**") and is made up of written laws, administrative regulations, local regulations, separate regulations, autonomous regulations, rules and regulations of departments, rules and regulations of local governments, international treaties of which the PRC government is a signatory, and other regulatory documents. Court verdicts do not constitute binding precedents but they may be used as judicial reference and guidance.

According to the Constitution, and the Legislation Law of the PRC (the "**Legislation Law**") which was amended in 2023, the NPC and the Standing Committee of the NPC are empowered to exercise the legislative power of the State. The NPC has the power to enact and amend basic laws governing civil and criminal matters, state organs and other matters. The Standing Committee of the NPC is empowered to enact and amend laws other than those required to be enacted by the NPC and to supplement and amend any parts of laws enacted by the NPC during the adjournment of the NPC, provided that such supplements and amendments are not in conflict with the basic principles of such laws.

The State Council is the highest organ of the PRC administration and has the power to enact administrative regulations based on the Constitution and laws.

The people's congresses of provinces, autonomous regions and municipalities and their respective standing committees may enact local regulations based on the specific circumstances and actual requirements of their own respective administrative areas, provided that such local regulations do not contravene any provision of the Constitution, laws or administrative regulations.

The ministries and commissions of the State Council, PBOC, the National Audit Office as well as the other organs endowed with administrative functions directly under the State Council may, in accordance with the laws as well as the administrative regulations, decisions and orders of the State Council and within the limits of their power, enact rules.

The people's congresses and their respective standing committees of cities with subordinate districts may, in the areas of urban and rural development and management, ecological civilization construction and the preservation of history and culture, enact local regulations based on the specific circumstances and actual requirements, which shall become enforceable after being reported to and approved by the standing committees of the people's congresses of the relevant provinces or autonomous regions, but such local regulations shall conform with the Constitution, laws, administrative regulations, and the relevant local regulations of the relevant provinces or autonomous regions. The people's congresses of national autonomous areas have the power to enact autonomous regulations and separate regulations in light of the political, economic and cultural characteristics of the nationality (nationalities) in the areas concerned.

The people's governments of the provinces, autonomous regions, municipalities and cities with subordinate districts may enact rules in accordance with laws, administrative regulations and the local regulations of their respective provinces, autonomous regions or municipalities.

The Constitution has supreme legal authority and no laws, administrative regulations, local regulations, autonomous regulations or separate regulations may contravene the Constitution. The authority of laws is greater than that of administrative regulations, local regulations and rules. The authority of administrative regulations is greater than that of local regulations and rules. The authority of local regulations is greater than that of the rules of the local governments at or below the corresponding level. The authority of the rules enacted by the people's governments of the provinces or autonomous regions is greater than that of the rules enacted by the people's governments of the cities with subordinate districts or autonomous prefectures within the administrative areas of the provinces and the autonomous regions.

The NPC has the power to alter or annul any inappropriate laws enacted by its Standing Committee, and to annul any autonomous regulations or separate regulations which have been approved by its Standing Committee but contravene the Constitution or the Legislation Law. The Standing Committee of the NPC has the power to annul any administrative regulations that contravene the Constitution and laws, to annul any local regulations that contravene the Constitution, laws or administrative regulations, and to annul any autonomous regulations or local regulations which have been approved by the standing committees of the people's congresses of the relevant provinces, autonomous regions or municipalities, but which contravene the Constitution and the Legislation Law. The State Council has the power to alter or annul any inappropriate ministerial rules and rules of local governments. The people's congresses of provinces, autonomous regions or municipalities have the power to alter or annul any inappropriate local regulations enacted or approved by their respective standing committees. The people's governments of provinces and autonomous regions have the power to alter or annul any inappropriate rules enacted by the people's governments at a lower level.

According to the Constitution and the Legislation Law, the power to interpret laws is vested in the Standing Committee of the NPC. According to the Decision of the Standing Committee of the NPC Regarding the Strengthening of Interpretation of Laws adopted on June 10, 1981, the Supreme People's Court of the PRC (the "**Supreme People's Court**") has the power to give general interpretation on questions involving the specific application of laws and decrees in court trials. The State Council and its ministries and commissions are also vested with the power to give interpretation of the administrative regulations and department rules which they have promulgated. At the regional level, the power to give interpretations of the local regulations and administrative rules is vested in the regional legislative and administrative organs which promulgate such regulations and rules.

## 2. PRC JUDICIAL SYSTEM

Under the Constitution and the Organic Law of the People's Courts of the People's Republic of China amended in 2018, the PRC judicial system is made up of the Supreme People's Court, the local people's courts, and other special people's courts.

The local people's courts are comprised of the primary people's courts, the intermediate people's courts and the higher people's courts. The higher people' courts supervise the primary and intermediate people's courts. The people's procuratorates also have the right to exercise legal supervision over the civil proceedings of people's courts of the same level and lower levels. The Supreme People's Court is the highest judicial body in the PRC. It supervises the adjudication work of the people's courts at all levels.

The Civil Procedure Law of the People's Republic of China (2023 Revision) (the "**Civil Procedure Law**"), which was adopted in 1991, amended in 2007, 2012, 2017, 2021 and 2023, sets forth the criteria for instituting a civil action, the jurisdiction of the people's courts, the procedures to be followed for conducting a civil action and the procedures for enforcement of a civil judgment or order. All parties to a civil action conducted within the PRC must comply with the Civil Procedure Law. Generally, a civil case is initially heard by a local court of the municipality or province in which the defendant resides. The parties to a contract may, by express agreement, select a judicial court where civil actions may be brought, provided that the judicial court is either located at the plaintiff's or the defendant's place of domicile, the place of execution or implementation of the contract or the place of the object of the action, provided that the provisions regarding the level of jurisdiction and exclusive jurisdiction shall not be violated.

A foreign national or enterprise generally has the same litigation rights and obligations as a citizen or legal person of the PRC. If a foreign country's judicial system limits the litigation rights of PRC citizens and enterprises, the PRC courts may apply the same limitations to the citizens and enterprises of that foreign country within the PRC.

If any party to a civil action refuses to comply with a judgment or ruling made by a people's court or an award made by an arbitration panel in the PRC, the other party may apply to the people's court for the enforcement of the same. There are time limits of two years imposed on the right to apply for such enforcement. If a person fails to satisfy a judgment made by the court within the stipulated time, the court will, upon application by either party, enforce the judgment in accordance with the law.

A party seeking to enforce a judgment or ruling of a people's court against a party who is not personally and whose property is not within the PRC may apply to a foreign court with jurisdiction over the case for recognition and enforcement of the judgment or ruling. A foreign judgment or ruling may also be recognized and enforced by the people's court according to PRC enforcement procedures if the PRC has entered into or acceded to an international treaty with the relevant foreign country, which provides for such recognition and enforcement, or if the judgment or ruling satisfies the court's examination according to the principle of reciprocity, unless the people's court finds that the recognition or enforcement of such judgment or ruling will result in a violation of the basic legal principles of the PRC, its sovereignty or security or against social and public interest.

## 3. THE COMPANY LAW AND TRIAL MEASURES AND ARTICLES OF ASSOCIATION GUIDELINES FOR OVERSEAS LISTING

A joint stock limited company incorporated in the PRC and seeking a listing on the Hong Kong Stock Exchange is mainly subject to the following laws and regulations in the PRC:

- The Company Law of the People's Republic of China (2023 Revision), which was promulgated by the Standing Committee of the National People's Congress on December 29, 1993, became effective on July 1, 1994 and was amended on December 25, 1999, August 28, 2004, October 27, 2005, December 28, 2013, October 26, 2018 and December 29, 2023, respectively, as well as the latest revision implemented on July 1, 2024. The version currently in force was revised in October 2018 and will be replaced on July 1, 2024 by the December 2023 revision;

- The Trial Measures for the Administration of Overseas Issuance and Listing of Securities by Domestic Enterprises (the "Trial Measures for Overseas Listing") and five related guidelines, which were promulgated by the CSRC on February 17, 2023 under the Securities Law of the PRC, came into effect on March 31, 2023, and are applicable to domestic enterprises that issue or list, directly or indirectly, their securities offshore or trade their securities offshore.

- Guidelines on the Articles of Association of Listed Companies (the "Articles of Association Guidelines"), which were last amended on December 15, 2023 by the CSRC. The relevant Articles of Association Guidelines are contained in the Company's Articles of Association, a summary of which is set out in the section titled "Appendix V—Summary of Articles of Association" to this document.

What is set out below is a summary of the major provisions of the Company Law, the Trial Measures for Overseas Listing and Articles of Association Guidelines applicable to the Company.

### (1) General

A joint stock limited company refers to an enterprise legal person incorporated under the Company Law with its registered capital divided into shares of equal par value. The liability of its shareholders is limited to the amount of shares held by them and the company is liable for its debts with all its property.

A joint stock limited company shall conduct its business in accordance with laws and administrative regulations. It may invest in other limited liability companies and joint stock limited companies and its liabilities with respect to such invested companies are limited to the amount invested. Unless otherwise provided by law, the joint stock limited company may not be a contributor that undertakes joint and several liabilities for the debts of the invested companies.

**(2) Incorporation**

A joint stock limited company may be incorporated by promotion or public subscription.

A joint stock limited company may be incorporated by a minimum of two but not more than 200 promoters, and at least half of the promoters must have residence within the PRC. The promoters must convene an inaugural meeting within 30 days after the issued shares have been fully paid up, and must give notice to all subscribers or make an announcement of the date of the inaugural meeting 15 days before the meeting. The inaugural meeting may be convened only with the presence of promoters or subscribers representing at least half of the shares in the company. At the inaugural meeting, matters including the adoption of articles of association and the election of members of the board of directors and members of the Supervisory Committee of the company will be dealt with. All resolutions of the meeting require the approval of subscribers with more than half of the voting rights present at the meeting.

Within 30 days after the conclusion of the inaugural meeting, the board of directors must apply to the registration authority for registration of the establishment of the joint stock limited company. A company is formally established, and has the status of a legal person, after the business license has been issued by the relevant registration authority. A joint stock limited company established by means of fund-raising to offer and issue shares to the public shall submit to the company registration authority the approval documents issued by the securities regulatory authorities under the State Council.

A joint stock limited company's promoters shall be liable for: (i) the payment of all expenses and debts incurred in the incorporation process jointly and severally if the company cannot be incorporated; (ii) the refund of subscription monies to the subscribers, together with interest, at bank rates for a deposit of the same term jointly and severally if the company cannot be incorporated; and (iii) damages suffered by the company as a result of the default of the promoters in the course of incorporation of the company. According to the Interim Regulations on the Administration of Share Issuance and Trading promulgated by the State Council on April 22, 1993 (which is only applicable to the issuance and trading of shares in the PRC and their related activities), if a company is established by means of public offering, the promoters of such company are required to sign on the prospectus to ensure that the prospectus does not contain any misrepresentation, serious misleading statements or material omissions, and assume joint and several responsibility for it.

**(3) Share capital**

The promoters of a company may make contributions in cash or in kind denominated in money and transferable under the law at their valuation (e.g., intellectual property or land use rights, etc.).

In the case of contributions other than cash, the property injected must be valued and verified and converted into shares.

A company may issue registered or bearer share. However, shares issued to promoter(s) or legal person(s) shall be in the form of registered share and shall be registered under the name(s) of such promoter(s) or legal person(s) and shall not be registered under a different name or the name of a representative.

The Trial Measures for Overseas Listing stipulates that the domestic enterprises that engage in the overseas issuance and listing of securities may raise funds and pay dividends in foreign currencies or in RMB.

According to the Trial Measures for Overseas Listing, in case of direct overseas issuance and listing by domestic enterprises, shareholders holding unlisted shares in China shall apply for converting such shares into overseas listed shares and listing them on overseas trading venues for circulation in accordance with the relevant provisions of the CSRC, and entrust the domestic enterprises to file the application with the CSRC. Domestic unlisted shares as mentioned in the preceding paragraph refer to shares issued by domestic enterprises but not listed or traded on domestic trading venues. Domestic unlisted shares shall be registered and deposited with domestic securities registration and clearing institutions in a centralized manner. The registration and settlement arrangements for overseas listed shares shall be governed by the rules of the overseas places where shares are listed.

Shares may be offered at a price equal to or greater than, but not less than, par value.

The transfer of shares by shareholders should be conducted via the legally established stock exchange or in accordance with other methods as stipulated by the State Council. Transfer of registered shares by a shareholder must be made by means of an endorsement or by other means stipulated by laws or administrative regulations. Bearer shares are transferred by delivery of the share certificates to the transferee.

Shares held by a promoter of a company shall not be transferred within one year after the date of the company's incorporation. Shares issued by a company prior to the public offering of its shares shall not be transferred within one year from the date of listing of the shares of the company on a stock exchange. Directors, supervisors and senior officers of a company shall not transfer over 25% of the shares held by each of them in the company each year during their term of office and shall not transfer any share of the company held by each of them within one year after the listing date. There is no restriction under the PRC Company Law as to the percentage of shareholding a single shareholder may hold in a company.

No transfer of shares may be registered in the register of shareholders during the 20 days preceding the date of the general meeting or during the five days preceding the record date set for the distribution of the dividend.

**(4) Allocation and issuance of shares**

All issue of shares of a joint stock limited company shall be based on the principles of equality and fairness. The same class of shares must carry equal rights. Shares issued at the same time and within the same class must be issued on the same conditions and at the same price. It may issue shares at par value or at a premium, but it may not issue shares below the par value.

The domestic enterprises that engage in the overseas issuance and listing of securities shall, in accordance with the Trial Measures for Overseas Listing, submit to the CSRC a filing report, legal opinions and other relevant materials that truly, accurately and completely describe shareholder information and other circumstances for the record. In case of the direct overseas issuance and listing of domestic enterprises, the issuer shall report the matter to the CSRC for the record. In case of the indirect overseas issuance and listing of domestic enterprises, the issuer shall designate a major domestic operating entity as the domestic responsible person to report the matter to the CSRC for the record.

**(5) Registered shares**

According to the Company Law, shareholders may make capital contributions in cash, or in kind, intellectual property rights, land use rights and other non-monetary property that can be valued in money and can be transferred in accordance with the law. According to the Trial Measures for Overseas Listing, the domestic enterprises that engage in the overseas issuance and listing of securities may raise funds and pay dividends in foreign currencies or in RMB.

Under the Company Law, when the company issues shares in registered form, it shall maintain a register of shareholders, stating the following matters:

- the name and domicile of each shareholder;
- the number of shares held by each shareholder;
- the serial numbers of shares held by each shareholder; and
- the date on which each shareholder acquired the shares.

**(6) Increase of share capital**

According to the Companies Law, if a joint stock limited company issues new shares, the general meeting shall pass a resolution on the class and amount of new shares, the issuance price of the new shares, the commencement and termination dates of the issuance of the new shares and the class and amount of new shares to be issued to existing shareholders. When a company is approved by the securities supervision and administration department under the State Council to issue new shares to the public, it shall publish the prospectus, its financial and accounting statements, and shall prepare the subscription form. Upon full receipt of the proceeds from the company's newly issued shares, the company shall carry out alteration registration with the company registration authority and shall make a public announcement.

**(7) Reduction of share capital**

A company may reduce its registered capital in accordance with the following procedures prescribed by the Company Law:

- it shall prepare a balance sheet and a list of property;
- The reduction of registered capital shall be approved by a shareholders' general meeting;
- it shall inform its creditors of the reduction in registered capital within 10 days and publish an announcement of the reduction in the newspaper within 30 days after the resolution approving the reduction has been adopted;
- creditors may, within 30 days after receiving the notice, or within 45 days of the public announcement if no notice has been received, require the company to pay its debts or provide guarantees covering the debts;
- it shall apply to the relevant registration administration for the registration of the reduction in registered capital.

**(8) Repurchase of shares**

According to the Company Law, a joint stock limited company may not repurchase its own shares other than for one of the following purposes: (i) to reduce its registered capital; (ii) to merge with another company that holds its shares; (iii) to grant its shares to its employees for the purpose of implementing the employee stock ownership plan or share incentive scheme; (iv) to repurchase its shares from shareholders who are against the resolution regarding the merger or division with other companies at the general meeting; (v) to use for the conversion of the convertible corporate bonds issued by the listed company; and (vi) to protect the value of the company and the rights and interests of shareholders of the listed company as required.

The acquisition of shares on the grounds set out in (i) to (ii) above shall be approved by the resolution of general meeting. The repurchase of its shares in cases (iii), (v) or (vi) above shall require a resolution of the board of directors by two-thirds of the directors present at the board meeting, in accordance with the provisions of the articles of association of the company or as authorized by the general meeting.

Following the repurchase of its shares in accordance with (i) above, such shares shall be canceled within 10 days from the date of repurchase; the shares repurchased in the case of (ii) or (iv) above shall be transferred or canceled within six months. The total number of shares held by the company after share repurchase under the circumstances in (iii), (v) or (vi) above shall not exceed 10% of the total number of the company's issued shares, and shall be transferred or canceled within three years.

A listed company that repurchases its own shares shall fulfill its disclosure obligations in accordance with the provisions of the Securities Law. If a share repurchase is made pursuant to (iii), (v) or (vi) above, it shall be publicly traded in a centralized manner.

**(9) Share Transfer**

Shares held by shareholders may be transferred in accordance with the relevant laws and regulations. Pursuant to the Company Law, transfer of shares by shareholders shall be carried out at a legally established securities exchange or in other ways stipulated by the State Council. No modifications of registration in the share register caused by transfer of registered shares shall be carried out within 20 days prior to the convening of shareholder's general meeting or five days prior to the base date for determination of dividend distributions. However, where there are separate provisions by law on alternation of registration in the share register of listed companies, those provisions shall prevail.

Under the Company law, shares issued prior to the public issuance of shares shall not be transferred within one year from the date of the joint stock limited company's listing on a stock exchange. Directors, supervisors and senior officers shall declare to the company their shareholdings in the Company and any changes of such shareholdings. They shall not transfer more than 25% of all the shares they hold in the Company annually during their tenure. They shall not transfer the shares they hold within one year from the date on which the Company's shares are listed and commenced trading on a stock exchange, nor within six months after their resignation from their positions with the Company.

**(10) Shareholders**

Under the Company Law and the Articles of Association Guidelines, the rights of holders of ordinary shares of a joint stock limited company include:

- the right to attend or appoint a proxy to attend general meetings and to vote thereat;
- the right to transfer shares in accordance with laws, administrative regulations and provisions of the articles of association;
- the right to inspect the Company's articles of association, share register, counterfoil of Company debentures, minutes of general meetings, resolutions of meetings of the board of directors, resolutions of meetings of the Supervisory Committee and financial and accounting reports and to make proposals or enquiries on the Company's operations;
- the right to bring an action in the people's court to rescind resolutions passed by general meetings and board of directors where the articles of association is violated by the above resolutions;

- the right to receive dividends and other forms of profit distribution according to the proportion of shares they hold;

- in the event of the termination or liquidation of the Company, the right to participate in the distribution of the residual properties of the Company in proportion to the number of shares held; and

- other rights granted by laws, administrative regulations, other regulatory documents and the Company's articles of association.

The obligations of a shareholder include the obligation to abide by the Company's articles of association, to pay the subscription moneys in respect of the shares subscribed for and in accordance with the form of making capital contributions, to be liable for the Company's debts and liabilities to the extent of the amount of his or her subscribed shares and any other shareholders' obligation specified in the Company's articles of association.

**(11) General Meeting**

The general meeting is the organ of authority of the company, which exercises its powers in accordance with the Company Law. Under the Company Law, the general meeting exercises the following powers and functions:

- to decide on the Company's operational policies and investment plans;

- to elect or replace the directors and supervisors (other than the supervisor representative of the employees) and to decide on matters relating to the remuneration of directors and supervisors;

- to examine and approve reports of the Board;

- to examine and approve reports of the Supervisory Committee;

- to examine and approve annual financial budgets and final accounts of the Company;

- to examine and approve profit distribution plans and loss recovery plans of the Company;

- to make resolutions concerning the increase or reduction of the Company's registered capital;

- to resolve on issuance of bonds of the Company;

- to decide on issues such as merger, division, dissolution, liquidation and structure change of the Company;

- to modify the articles of association of the Company; and

- other powers and functions stipulated by the articles of association.

The annual general meeting is required to be convened once a year. Under the Company Law, an extraordinary general meeting is required to be held within two months after the occurrence of any of the following:

- the number of directors is less than the number stipulated by the law or less than two thirds of the number specified in the articles of association;

- the aggregate losses of the company which are not recovered reach one-third of the company's total paid-in share capital;

- shareholders alone or in aggregate holding 10% or more of the Company's shares request for the convening of an extraordinary general meeting;

- the Board considers it necessary;

- the Supervisory Committee proposes such a meeting be held; or

- other circumstances stipulated by the articles of association.

Under the Company Law, general meetings shall be convened by the Board, and presided over by the chairman of the Board. In the event that the chairman is incapable of performing or does not perform his duties, the meeting shall be presided over by the vice chairman. In the event that the vice chairman is incapable of performing or does not perform his duties, a director nominated by more than half of directors shall preside over the meeting.

Where the Board of Directors is incapable of performing or does not perform its duties of convening the general meetings, the supervisory committee shall convene and preside over such meetings in a timely manner. In case the supervisory committee fails to convene and preside over such meetings, shareholders alone or in aggregate holding more than 10% of the company's shares for 90 days consecutively may unilaterally convene and preside over such meetings.

Under the Company Law, notice of general meetings shall state the time and venue of and matters to be considered at the meeting and shall be given to all shareholders 20 days before the meeting. Notice of extraordinary general meeting shall be given to all shareholders 15 days prior to the meeting. According to the Articles of Association Guidelines, after the notice of the General Meeting is given, without cogent reason, the general meeting shall not be postponed or canceled, and the proposals set out in the notice shall not be canceled. Once the general meeting is adjourned or canceled, the convener shall make public announcement and explain the reasons at least 2 working days before the original holding date.

There is no specific provision in the PRC Company Law regarding the number of shareholders constituting a quorum in Shareholders' meetings. According to the Articles of Association Guidelines, The Board of Directors and the Board Secretary shall cooperate for the general meeting convened by the Supervisory Committee or the Shareholders on their own. The Board shall provide the register of shareholders as at the Record Date. When the general meeting is held, all the directors, supervisors and Board secretary of the Company shall attend the meeting, while the general manager and other senior officers shall attend as a nonvoting delegate.

According to the Articles of Association Guidelines, the shareholders holding more than 3% of the shares of the Company separately or jointly may raise temporary proposal and submit it to the convener in writing 10 days before the general meeting is held. The convener shall supplement the notice of general meeting in 2 days after receiving the proposal and publicize the content of the temporary proposal.

Under the Company Law, shareholders present at general meetings have one vote for each share they hold, save that shares held by the company are not entitled to any voting rights.

Pursuant to the provisions of the articles of association or a resolution of the general meeting, the accumulative voting system may be adopted for the election of directors and supervisors at the general meeting. Under the accumulative voting system, each share shall be entitled to vote equivalent to the number of directors or supervisors to be elected at the general meetings and shareholders may consolidate their voting rights when casting a vote.

Pursuant to the Company Law and the Articles of Association Guidelines, resolutions of the general meeting shall be adopted by more than half of the voting rights held by the shareholders present at the meeting. However, resolutions of the general meeting regarding the following matters shall be adopted by more than two-thirds of the voting rights held by the shareholders present at the meeting: (i) amendments to the articles of association; (ii) the increase or decrease of registered capital; (iii) the equity incentive plans; (iv) the amount of purchase or disposal of major assets or guarantee of the company within one year exceeding thirty percent of the company's total audited assets for the most recent period; (v) the merger, division, dissolution, liquidation or change in the form of the company; (vi) other matters considered by the general meeting, by way of an ordinary resolution, to be of a nature which may have a material impact on the company and should be adopted by a special resolution, according to the laws, administrative regulations or the articles of association.

Under the Company Law, meeting minutes shall be prepared in respect of decisions on matters discussed at the general meetings. The chairman of the meeting and directors attending the meeting shall sign to endorse such minutes. The minutes shall be kept together with the shareholders' attendance register and the proxy forms.

**(12) Board of Directors**

Under the Company Law, a joint stock limited company shall have a board of directors, which shall be composed of 5 to 19 members. Members of the board of directors may include representatives of the employees of the company, who shall be democratically elected by the company's staff at the staff representative assembly, general staff meeting or otherwise. The term of the directors shall be prescribed by the articles of association, provided that each term may not exceed 3 years. Upon the expiration of the term, the Directors may be re-elected and serve consecutive terms. A director shall continue to perform his duties in accordance with the laws, administrative regulations and articles of association until a duly re-elected director takes office, if re-election is not conducted in a timely manner upon the expiry of his term of office, or if the resignation of directors results in the number of directors being less than the quorum.

Under the Company Law, the board of directors mainly exercises the following powers and functions:

- to convene the general meetings and report on its work to the general meetings;
- to implement the resolutions of general meetings;
- to decide on the company's business plans and investment proposals;
- to formulate the annual financial budgets and final accounting plans of the Company;
- to formulate the profit distribution plan and loss recovery plan of the Company;
- to formulate proposals for the increase or reduction of the Company's registered capital and the issuance of corporate bonds;
- to develop the scheme on the merger, separation, dissolution and change of company form of the Company;
- to formulate the basic management system of the Company; and
- any other powers and functions stipulated by the articles of association.

**(13) Board meetings**

Under the Company Law, meetings of the board of directors of a joint stock limited company shall be convened at least twice a year. Notice of meeting shall be given to all directors and supervisors 10 days before the meeting. Interim board meetings may be proposed to be convened by shareholders representing more than 10% of voting rights, more than one-third of the directors or the supervisory committee. The Chairman of the Board shall convene and preside over a Board meeting within ten days after receiving the proposal. A board meeting not be held unless half or more of the directors are present. Resolutions of the board of directors shall be passed by more than half of all directors. In the voting process, one director shall represent one vote. Directors shall attend board meetings in person. If a director is unable to attend a board meeting, he may appoint another director by a written power of attorney specifying the scope of the authorization to attend the meeting on his behalf.

If a resolution of the board of directors violates the laws, administrative regulations or the articles of association, and as a result of which the company sustains serious losses, the directors participating in the resolution are liable to compensate the company. However, if it can be proved that a director expressly objected to the resolution when the resolution was voted on, and that such objection was recorded in the minutes of the meeting, such director may be released from that liability.

**(14) Board chairman**

Under the Company Law, the board of directors shall appoint a chairman and may appoint a vice chairman. The chairman and the vice chairman are elected with approval of more than half of all the directors. The chairman shall convene and preside over board meetings and examine the implementation of board resolutions. The vice chairman shall assist the work of the chairman. In the event that the chairman is incapable of performing or not performing his duties, the duties shall be performed by the vice chairman. In the event that the vice chairman is incapable of performing or not performing his duties, a director nominated by more than half of the directors shall perform his duties.

**(15) Qualifications of directors**

The Company Law provides that the following persons may not serve as a director:

- a person who is unable or has limited ability to undertake any civil liabilities;
- a person who has been convicted of an offense of bribery, corruption, embezzlement or misappropriation of property, or the destruction of socialist market economy order; or who has been deprived of his political rights due to his crimes, in each case where less than five years have elapsed since the date of completion of the sentence;
- a person who has been a former director, factory manager or manager of a company or an enterprise that has entered into insolvent liquidation and who was personally liable for the insolvency of such company or enterprise, where less than three years have elapsed since the date of the completion of the bankruptcy and liquidation of the company or enterprise;

- a person who has been a legal representative of a company or an enterprise that has had its business license revoked due to violations of the law and has been ordered to close down by law and the person was personally responsible, where less than three years have elapsed since the date of such revocation; or

- a person who is liable for a relatively large amount of debts that are overdue.

Other unsuitable circumstances for directorships are detailed in the Articles of Association Guidelines.

**(16) Supervisory Committee**

A joint stock limited company shall have a supervisory committee composed of not less than three members. The supervisory committee is made up of representatives of the shareholders and an appropriate proportion of representatives of the employees of the company. The actual proportion shall be stipulated in the articles of association, provided that the proportion of representatives of the employees shall not be less than one third of the supervisors. Representatives of the employees of the company in the supervisory committee shall be democratically elected by the employees at the employees' representative assembly, employees' general meeting or otherwise. A director and a senior officer of the company shall not serve concurrently as a supervisor.

The supervisory committee shall have a chairman and may have a vice chairman. The chairman and deputy chairman of the supervisory committee shall be elected by more than half of all supervisors. The chairman of the supervisory committee shall convene and preside over the meetings of the supervisory committee. In the event that the chairman of the supervisory committee is unable or fails to perform his/her duties, the vice chairman of the supervisory committee shall convene and preside over the meetings of the supervisory committee. In the event that the vice chairman is unable or fails to perform his/her duties, the meetings shall be convened and presided over by a supervisor jointly nominated by more than half of all the supervisors.

Each term of a supervisor shall be three years, and a supervisor may continue to serve his post if he is re-elected. A supervisor shall continue to perform his duties in accordance with the laws, administrative regulations and articles of association until a duly re-elected director takes office, if re-election is not conducted in a timely manner upon the expiry of his term of office, or if the resignation of supervisors results in the number of supervisors being less than the quorum.

The supervisory committee shall convene a meeting at least every six months. According to the Company Law, the supervisory committee shall make resolutions with the consent of a majority of all supervisors.

The supervisory committee exercises the following functions and power:

- to review the Company's financial position;

- to supervise the directors and senior officers in the performance of their duties and to propose the removal of directors or senior officers who violate laws, regulations, the articles of association or resolutions of the general meeting;

- when the acts of directors and senior officers are harmful to the company's interests, to require correction of those acts;

- to propose the convening of extraordinary general meetings and to convene and preside over general meetings when the board of directors fails to perform the duty of convening and presiding over general meetings under the law;

- to initiate proposals for resolutions to general meetings;

- to initiate proceedings against directors and senior officers;

- other powers and functions stipulated by the articles of association; and

- The supervisors may attend the meetings of the Board, and may inquire about or put forth proposals on matters covered by resolutions of the Board. The supervisory committee may initiate investigations into any irregularities identified in the operation of the Company and, where necessary, may engage an accounting firm to assist their work at the Company's expense.

**(17) Manager and senior officers**

Under the Company Law, a company shall have a manager who shall be appointed or removed by the board of directors. The manager shall report to the board of directors and may exercise the following powers and functions:

- to supervise the business and administration of the Company and arrange for the implementation of resolutions of the board of directors;

- to arrange for the implementation of the Company's annual business plans and investment proposals;

- to formulate the general administration system of the Company;

- to formulate the specific rules of the Company;

- to recommend the appointment and dismissal of deputy managers and person in charge of finance;

- to appoint or dismiss other administration officers (other than those required to be appointed or dismissed by the board of directors); and

- other powers conferred by the board of directors or the articles of association.

The manager shall comply with other provisions of the articles of association concerning his/her powers. The manager shall attend board meetings.

According to the Company Law, senior officers shall mean the manager, deputy manager(s), person-in-charge of finance, board secretary (in case of a listed company) of a company and other personnel as stipulated in the articles of association.

**(18) Duties of the Directors, Supervisors and Senior Officers**

Directors, supervisors and senior officers of the Company are required under the Company Law to comply with the relevant laws, regulations and the articles of association, and have fiduciary and diligent duties to the Company. The directors, supervisors and senior officers shall not take advantage of their authority to accept bribes or other illegal income, and shall not misappropriate the property of the Company. Directors and senior officers are prohibited from:

- misappropriating the funds of the Company;

- depositing the Company's capital into accounts under his own name or the name of other individuals;

- lending the company funds to others or providing guarantees in favor of others with the company's assets in violation of the articles of association or without prior approval of the general meetings or board of directors;

- entering into contracts or deals with the company in violation of the articles of association or without prior approval of the general meetings;

- using their position and powers to procure business opportunities for themselves or others that should have otherwise been available to the company or operating for their own benefits or managing on behalf of others businesses similar to that of the Company without prior approval of the general meeting;

- accepting and possessing commissions paid by a third party for transactions conducted with the Company;

- unauthorized divulgence of confidential business information of the Company; or
- other acts in violation of the duty of loyalty to the company.

A director, supervisor or senior officer who contravenes any law, regulation or the Company's articles of association in the performance of his duties and result in any loss to the Company shall be personally liable to the Company.

**(19) Finance and Accounting**

Under the Company Law, a company shall establish financial and accounting systems according to laws, administrative regulations and the regulations of the financial department of the State Council. The Company shall at the end of each financial year prepare a financial and accounting report which shall be audited by an accounting firm as required by law. The Company's financial and accounting report shall be prepared in accordance with provisions of the laws, administrative regulations and the regulations of the financial department of the State Council.

Pursuant to the Company Law, the Company shall deliver its financial and accounting reports to all shareholders within the time limit stipulated in the articles of association and make its financial and accounting reports available at the Company for inspection by the shareholders at least 20 days before the convening annual general meeting. The joint stock limited company that has publicly issued its shares shall also publish its financial and accounting reports.

When distributing each year's after-tax profits, the company shall set aside 10% of its after-tax profits into a statutory common reserve fund (except where the fund has reached 50% of its registered capital).

If its statutory common reserve fund is not sufficient to make up losses of the previous year, profits of the current year shall be applied to make up losses before allocation is made to the statutory common reserve fund pursuant to the above provisions.

After making allocation to the statutory common reserve fund of the Company from its after-tax profits, the Company may, subject to resolutions adopted at a Shareholders' meeting, allocate funds from the after-tax profits to the discretionary common reserve fund.

The remaining after-tax profits after making up losses and allocation of common reserve fund shall be distributed in proportion to the number of shares held by the shareholders, unless otherwise stipulated in the articles of association. Shares held by the Company shall not be entitled to any distribution of profit.

The premium received through issuance of shares at prices above par value and other incomes required by the financial department of the State Council to be allocated to the capital reserve fund shall be allocated to the company's capital reserve fund.

The Company's reserve fund shall be applied to make up losses of the Company, expand its business operations or be converted to increase the registered capital of the company. However, the capital reserve fund may not be applied to make up the company's losses. Upon the conversion of statutory common reserve fund into capital, the balance of the statutory common reserve fund shall not be less than 25% of the registered capital of the company before such conversion.

The Company shall have no other accounting books except the statutory accounting books. Its assets shall not be deposited in any accounts opened in the name of any individual.

**(20) Employment and Retirement of Accounting Firms**

According to the Company Law, the appointment or dismissal of accounting firms responsible for the auditing of a company shall be determined by the general meeting or board of directors in accordance with the articles of association. The accounting firm should be allowed to make representations when the shareholders' general meeting or board of directors conducts a vote on the dismissal of the accounting firm. The company shall provide true and complete accounting vouchers, accounting books, financial accounting reports and other accounting materials to the hired accounting firm, and shall not refuse, conceal or make false reports.

According to the Articles of Association Guidelines, the Company shall guarantee to provide true and complete accounting vouchers, accounting books, financial accounting reports and other accounting materials to the hired accounting firm, and shall not refuse, conceal or make false reports. The audit fee of an accounting firm shall be decided by the general meeting.

**(21) Profit distribution**

According to the Company Law, the Company shall not distribute profits before losses are covered and the statutory common reserve is drawn.

**(22) Revision of the articles of association**

Any amendments to the company's articles of association must be made in accordance with the procedures set out in the company's articles of association. In the event of a company registration, the amendments to the articles of association shall be registered with the relevant registration authorities.

**(23) Dissolution and Liquidation**

According to the Company Law, a company shall be dissolved by reason of the following:

(i) the term of its operations set down in the Articles of Association has expired or other events of dissolution specified in the Articles of Association have occurred; (ii) the general meeting has resolved to dissolve the company; (iii) the company is dissolved by reason of merger or division; (iv) the business license is revoked; the company is ordered to close down or be dissolved; or (v) the company is dissolved by the people's court in response to the request of shareholders holding shares that represent more than 10% of the voting rights of all its shareholders, on the grounds that the company suffers significant hardship in its operation and management that cannot be resolved through other means, and the ongoing existence of the company would bring significant losses to shareholders.

In the event of (i) above, the company may carry on its existence by amending its articles of association. The amendment of the articles of association in accordance with provisions set out above shall require approval of more than two thirds of voting rights of shareholders attending the general meeting.

Where the company is dissolved in the circumstances described in subparagraphs (i), (ii), (iv), or (v) above, a liquidation committee shall be established and the liquidation process shall commence within 15 days after the occurrence of an event of dissolution.

The members of the company's liquidation committee shall be composed of its directors or the personnel appointed by the shareholders' general meeting. If a liquidation committee is not established within the stipulated period, creditors may apply to the people's court and request the court to appoint relevant personnel to form the liquidation committee. The people's court should accept such application and form a liquidation committee to conduct liquidation in a timely manner.

The liquidation committee shall exercise the following functions and power during liquidation:

- to liquidate the company's assets and to prepare a balance sheet and an inventory of the assets;
- to notify creditors through notice or public announcement;
- to deal with the outstanding business of the Company in connection with liquidation;
- to settle all outstanding tax payment and the tax payment which arise in the course of the liquidation process;
- to claim credits and pay off debts;

- to handle the company's remaining assets after its debts have been paid off; and
- to represent the company in civil lawsuits.

The liquidation committee shall notify the company's creditors within 10 days after its establishment and issue public notices in newspapers within 60 days. A creditor shall lodge his claim with the liquidation committee within 30 days after receiving notification, or within 45 days of the public notice if he/she did not receive any notification. A creditor shall state all matters relevant to his creditor rights in making his/her claim and furnish evidence. The liquidation committee shall register such claims. The liquidation committee shall not make any debt settlement to creditors during the period of claim.

Upon liquidation of properties and the preparation of the balance sheet and inventory of assets, the liquidation committee shall draw up a liquidation plan to be submitted to the general meeting or people's court for confirmation.

The company's remaining assets after payment of liquidation expenses, wages, social insurance expenses and statutory compensation, outstanding taxes and debts shall be distributed to shareholders according to their shareholding proportion. It shall continue to exist during the liquidation period, although it can only engage in any operating activities that are related to the liquidation. The company's properties shall not be distributed to the shareholders before repayments are made in accordance to the foregoing provisions.

Upon liquidation of the company's properties and the preparation of the balance sheet and inventory of assets, if the liquidation committee becomes aware that the company does not have sufficient assets to meet its liabilities, it must apply to the people's court for a declaration for bankruptcy.

Following such declaration, the liquidation committee shall hand over all matters relating to the liquidation to the people's court.

Upon completion of the liquidation, the liquidation committee shall submit a liquidation report to the shareholders' general meeting or the people's court for verification. Thereafter, the report shall be submitted to the registration authority of the company in order to cancel the company's registration, and a public notice of its termination shall be issued. Members of the liquidation committee are required to discharge their duties honestly and in compliance with the relevant laws. Members of the liquidation committee shall be prohibited from abusing their powers to accept bribes or other unlawful income and from misappropriating the company's properties.

A member of the liquidation committee is liable to indemnify the company and its creditors in respect of any loss arising from his intentional or gross negligence.

**(24) Overseas listing**

According to the Trial Measures for Overseas Listing, the issuer's initial public offering or listing overseas shall be filed with the CSRC within three working days after the issuer submits the listing application documents overseas. Where the issuer issues securities in the same overseas market following the overseas issuance and listing, it shall be filed with the CSRC within three working days upon the completion of the issuance. Where the issuer issues securities in other overseas markets following the overseas issuance and listing, it shall be filed in accordance with the provisions of the first paragraph of this Article. If the filing materials are complete and in compliance with the regulations, the CSRC shall complete the filing within 20 working days from the date of receipt of the filing materials, and publicize the filing information through its website. Otherwise, the CSRC shall inform the issuer of the materials to be supplemented within five working days after receiving the filing materials. The issuer shall supplement the materials within 30 working days.

**(25) Loss of share certificates**

In the event that a registered share certificate is lost, stolen or destroyed, the shareholder concerned may apply to the People's Court to declare the certificate null and void in accordance with the relevant provisions of the Civil Procedure Law. After the people's court has invalidated such share certificate through the public notice procedure, the shareholder may apply to the company for re-issuance of a certificate for the share.

**(26) Suspension and termination of listing**

Provisions relating to suspension and termination of listing have been removed from the Company Law. The provisions relating to suspension of listing have also been removed from the Securities Law of the People's Republic of China (2019 Revision). Where there are circumstances that necessitate the delisting as stipulated by a stock exchange, the stock exchange shall terminate the listing and trading of the relevant securities according to business rules.

According to the Trial Measures for Overseas Listing, if an issuer voluntarily or compulsorily terminates its listing, it shall report the particulars to the CSRC within three working days from the date of occurrence and announcement of the relevant matters.

**(27) Merger and Division**

Companies may merge through merger by absorption or through the establishment of a newly merged entity. If it merges by absorption, the company which is absorbed shall be dissolved. If it merges by forming a new corporation, both companies will be dissolved.

## 4. SECURITIES LAW AND REGULATIONS

The PRC has promulgated a number of regulations that relate to the issue and trading of shares and disclosure of information. In October 1992, the State Council established the Securities Committee and the CSRC. The Securities Committee is responsible for coordinating the drafting of securities regulations, formulating securities-related policies, planning the development of securities markets, directing, coordinating and supervising all securities-related institutions in the PRC and administering the CSRC. The CSRC is the regulatory arm of the Securities Committee and is responsible for the drafting of regulatory provisions of securities markets, supervising securities companies, regulating public offers of securities by PRC companies in the PRC or overseas, regulating the trading of securities, compiling securities related statistics and undertaking relevant research and analysis. In April 1998, the State Council consolidated the two departments and reformed the CSRC.

The Interim Provisional Regulations on the Administration of Share Issuance and Trading deals with the application and approval procedures for public offerings of equity securities, trading in equity securities, the acquisition of listed companies, deposit, clearing and transfer of listed equity securities, the disclosure of information with respect to a listed company, investigation, penalties and dispute settlement.

The PRC Securities Law took effect on July 1, 1999 and was revised on August 28, 2004, October 27, 2005, June 29, 2013, August 31, 2014 and December 28, 2019, respectively. This is the first national securities law in the PRC, which is divided into 14 chapters and 226 articles regulating, among other things, the issue and trading of securities, takeovers by listed companies, securities exchanges, securities companies and the duties and responsibilities of the State Council's securities regulatory authorities. The PRC Securities Law comprehensively regulates activities in the PRC securities market. Article 224 of the PRC Securities Law provides that a domestic enterprise must comply with the relevant provisions of the State Council in order to list its shares outside the PRC. Currently, the issuance and trading of foreign issued shares are mainly governed by the rules and regulations promulgated by the State Council and the CSRC.

## 5. ARBITRATION AND ENFORCEMENT OF ARBITRAL AWARDS

On August 31, 1994, the Standing Committee of the National People's Congress adopted the Arbitration Law of the People's Republic of China (the "**Arbitration Law**"), which became effective on September 1, 1995 and was amended on August 27, 2009 and September 1, 2017, respectively. According to the Arbitration Law, the Arbitration Commission may formulate provisional rules for arbitration in accordance with the Arbitration Law and the Civil Procedure Law prior to the promulgation of arbitration regulations by the China Arbitration Association. If the parties specify by agreement that arbitration is the method of dispute settlement, the people's court will refuse to accept the case unless the arbitration agreement is found to be invalid.

According to the Arbitration Law and Civil Procedure Law, the arbitration award shall be final and binding on both parties. If one party to the arbitration fails to comply with the arbitral award, the other party to the arbitral award may apply to the People's Court for enforcement of the award. The people's court may refuse to enforce an arbitral award made by an arbitration commission if the procedures of the arbitration or the composition of the arbitral tribunal are in violation of the statutory procedures, or if the award is outside the scope of the arbitration agreement or outside the jurisdiction of the arbitration commission.

A party seeking to enforce an arbitral award made by a Chinese arbitral tribunal in respect of a party that is not physically present or whose property is not located in China may apply for enforcement to a foreign court having jurisdiction over the case. Similarly, arbitral awards made by foreign arbitral institutions may be recognized and enforced by Chinese courts in accordance with the principle of reciprocity or any international treaty signed or recognized by China. China recognized the Convention on the Recognition and Enforcement of Foreign Arbitral Awards ("**New York Convention**"), adopted on June 10, 1958, pursuant to a resolution of the Standing Committee of the National People's Congress adopted on December 2, 1986. The New York Convention provides that all arbitral awards made by a member state of the New York Convention are subject to recognition and enforcement by all other member states of the New York Convention, but that a member state of the New York Convention has the right of refusal of enforcement in certain circumstances, including where enforcement of the arbitral award conflicts with the public policy of the state in which the application for enforcement of the arbitral award has been made. Upon China's accession to the New York Convention, the Standing Committee of the National People's Congress declared that (i) China would recognize and enforce foreign arbitral awards only on the basis of the principle of reciprocity, and (ii) China would apply the New York Convention only in respect of disputes arising from contractual and non-contractual commercial legal relationships, as determined in accordance with Chinese law.

An arrangement has been reached between Hong Kong and the Supreme People's Court on the issue of mutual enforcement of arbitral awards. On June 18, 1999, the Supreme People's Court adopted the Arrangement Concerning Reciprocal Enforcement of Arbitral Awards between the Mainland and the Hong Kong Special Administrative Region, which came into effect on February 1, 2000. Under the Arrangement, awards made by Mainland China's arbitral institutions under the Arbitration Law may be enforced in Hong Kong, and Hong Kong arbitral awards may also be enforced in Mainland China.

## 6. JUDICIAL DECISION AND ENFORCEMENT

According to the Arrangement of the Supreme People's Court 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 promulgated by the Supreme People's Court on 3 July 2008 and implemented on 1 August 2008 (the "**Arrangement**"), a party with a final court judgment rendered by a Hong Kong court and a PRC court requiring payment of money in a civil or commercial case pursuant to a choice of court agreement in writing may apply to the PRC court or Hong Kong court for recognition and enforcement of the judgment according to the Arrangement. "A choice of court agreement in writing" is defined as any agreement in writing entered into between parties for the purpose of resolving a dispute that has arisen or is likely to arise in connection with a particular legal relationship, in which a PRC court or a Hong Kong court is expressly designated as the court having sole jurisdiction for the dispute. Accordingly, the final court judgment satisfying the aforesaid conditions of the Arrangement may be recognized and enforced by the PRC court or Hong Kong court upon the application by the parties concerned.

On January 18, 2019, the Supreme People's Court of PRC and the Hong Kong Government signed the Arrangement on Mutual Recognition and Enforcement of Judgments in Civil and Commercial Cases between the Courts of the Mainland and the Hong Kong Special Administrative Region (the "**New Arrangement**"), which aims to establish a clearer and definitive mechanism for the recognition and enforcement of judgments in a wider range of civil and commercial cases between Hong Kong and Mainland China. The new arrangement terminates the requirement to enter into jurisdictional agreements for the mutual recognition and enforcement of judgments. The new arrangement came into effect on January 29, 2024 after the promulgation of the judicial interpretation by the Supreme People's Court and the completion of the relevant legislative procedures in Hong Kong. The New Arrangement has replaced the Arrangement upon its entry into force.

## 7. SHANGHAI-HONG KONG STOCK CONNECT

On April 10, 2014, the CSRC and the SFC issued the "Joint Communiqué of China Securities Regulatory Commission and Hong Kong Securities and Futures Commission — Principles to be Observed in the Expected Implementation of the Pilot Operation of Shanghai-Hong Kong Stock Market Transaction Interconnection and Interworking Mechanism, base on which approval was given in principle for the Shanghai Stock Exchange ("**SSE**"), HKEX, China Securities Depository and Clearing Corporation ("**CSDCC**") and HKSCC to carry out a pilot run of the Shanghai-Hong Kong stock market trading interconnection mechanism ("**Shanghai-Hong Kong Stock Connect**"). The Shanghai-Hong Kong Stock Connect includes both the Shanghai Stock Connect and the Hong Kong Stock Connect. The Hong Kong Stock Connect refers to Chinese investors entrusting Chinese securities companies to make declarations to the HKEX through the securities trading service companies established by the SSE to buy and sell stocks listed on the HKEX within the prescribed scope. At the initial stage of the pilot operation, the scope of stocks under the Hong Kong Stock Connect will be the constituent stocks of the Hang Seng Composite LargeCap Index and the Hang Seng Composite MidCap Index of the HKEX, and the stocks of A+H-share companies that are listed on both the HKEX and the Shanghai Stock Exchange. The total quota for Hong Kong Stock Connect will be RMB250 billion, with a daily quota of RMB10.5 billion. At the initial stage of the pilot operation, the SFC will require that Chinese investors participating in the Hong Kong Stock Connect be limited to institutional investors and individual investors with a combined securities account and fund account balance of not less than RMB500,000.

On November 10, 2014, the CSRC and the SFC issued a joint announcement approving the official launch of the Shanghai-Hong Kong Stock Connect by SSE, HKEX, CSDCC and HKSCC. Stock trading under the Shanghai-Hong Kong Stock Connect commenced on November 17, 2014, according to the Joint Announcement.

On September 30, 2016, the CSRC amended the "Recordal Requirements on the Placing of Shares by Hong Kong Listed Companies to Original Domestic Shareholders under the Hong Kong Stock Connect", which became effective on the same date. The placing of shares by Hong Kong listed companies to original domestic shareholders under the Hong Kong Stock Connect shall be filed with the CSRC. After obtaining the approval of the HKEX, applications for share placements by Hong Kong listed companies should be submitted to the CSRC with the application materials and approval documents. The CSRC will conduct supervision based on the approval opinions and conclusions of the Hong Kong side.

This appendix contains a summary of the principal provisions of the Articles of Association adopted on 2024, which will become effective on the date of listing of the H Shares on the HKEX. This Appendix is mainly designed to provide potential investors with an overview of the Articles of Association of the Company, therefore, it may not contain the information that is important to potential investors. As discussed in "Appendix VII—DOCUMENTS DELIVERED TO THE REGISTRAR OF COMPANIES IN HONG KONG AND AVAILABLE ON DISPLAY", the full Chinese version of the Articles of Association is available for inspection.

## 1. SHARES, REGISTERED CAPITAL AND TRANSFER OF SHARES

Shares of the company are represented by share certificates.

The shares of the Company shall be issued based on the principle of openness, fairness and impartiality and shall rank pari passu in all respects with the shares of the same class.

Shares of the same class issued at the same time shall be issued under the same condition and at the same price. The same price shall be paid for each of the shares subscribed for by all entities or individuals.

The Company shall not provide grants, loans, guarantees and other financial assistance for others to acquire shares of the Company or its parent company, except for the Company's implementation of the Employee Stock Ownership Plan.

The Company may, for the benefit of the Company, provide financial assistance to others for the acquisition of shares of the Company upon a resolution of the general meeting, or a resolution of the board of directors in accordance with the articles of association or the authorization of the general meeting, provided that the total amount of financial assistance shall not exceed 10% of the total issued share capital. Resolutions of the Board of Directors shall be passed by at least two-thirds of all directors.

## 2. INCREASE AND REDUCTION IN CAPITAL AND REPURCHASE OF SHARES

Based on the needs of operation and development, the Company may increase capital by the following means in accordance with the provisions of the laws, regulations and securities regulatory rules of the premise where the Company's shares are listed stipulate otherwise upon resolution of the general meeting:

- public offering of Shares;
- non-public offering of Shares;
- distributing bonus shares to its existing Shareholders;
- conversion of capital reserve into share capital;

- other methods specified by the laws and administrative regulations, securities regulatory rules of the place where the Company's shares are listed and approved by the Securities Regulatory Commission of the People's Republic of China (the "CSRC").

The Company may reduce its registered capital. Such reduction shall be made in accordance with the procedures set out in the Company Law, Hong Kong Listing Rules and other relevant requirements and the Articles of Association.

The Company shall not purchase its own shares, except in any of the following circumstances:

- To reduce the registered capital of the Company;
- to merge with another company that holds its shares;
- To use the shares in the employee share ownership plan or for share incentive;
- The shareholders disagreeing with the merger or division resolution made by the general meeting ask the Company to acquire their shares;
- to use the shares in the conversion of the convertible corporate bonds issued by the Company;
- Necessary for the Company to protect its value and the shareholders' equity;
- any other circumstances permitted by the laws, administrative regulations, securities regulatory rules of the place where the Company's shares are listed.

## 3. SHARE TRANSFER

The Company shall not accept its own shares status of as collateral.

Shares that have been issued before the public offering shall not be transferred for a period of one year commencing from the date of trading of the company's shares on a stock exchange. Where laws, administrative regulations or the securities regulatory authorities under the State Council otherwise provide for the transfer of shares of the Company held by shareholders or actual controllers of a listed company, such provisions shall prevail.

The directors, supervisors, senior officers of the Company shall regularly declare the number of shares held by them and the relevant changes. The number of shares transferred each year during their term of office shall not exceed 25% of the total number of shares of the Company in the same class held by them. The shares of the Company held by them shall not be transferred within 1 year as of the listing date of the shares of the Company. These people shall not transfer the shares of the company held by them within half of the year from their departure from the company.

For shareholders holding more than 5% of the Company's shares, directors, supervisors and senior officers, if they have sold the shares of the Company or other securities with equity nature held by them within six months after purchasing, or if they have purchased such shares or securities again within six months after selling them, the gains obtained therefrom shall be attributed to the Company and be forfeited by the Board of Directors of the Company. However, securities companies holding more than 5% of the shares due to the purchase of the remaining shares after underwriting, and other circumstances stipulated by the CSRC are excluded.

The shares or other securities with an equity nature held by directors, supervisors, senior officers and natural person shareholders as mentioned in the preceding paragraph shall include the shares or other securities with an equity nature held by their spouses, parents, children, and those held in the accounts of others.

## 4. RIGHTS AND OBLIGATIONS OF SHAREHOLDERS

The Company shall make a register of shareholders based on the vouchers provided by securities registries. The register of shareholders shall be the sufficient evidence proving the shareholders' holding of the Company's shares. Shareholders shall enjoy the rights and assume the obligations according to the class of the shares they hold. Shareholders holding the same class of shares shall enjoy the same rights and assume the same obligations.

When the Company convenes a general meeting, distributes dividends, executes clearing or makes other conducts that require confirmation of equities, the Board of Directors or the convener of the general meeting shall determine the Record Date. Shareholders included in the register of shareholders at the close of business on the Record Date shall be the entitled shareholders.

Shareholders of the Company shall enjoy the following rights:

- to receive dividends and other distributions in proportion to the number of shares held;

- to request, convene, chair, attend and vote in person or appoint a proxy to attend and vote on his behalf at the general meetings in proportion to the number of shares held in accordance with laws;

- to supervise the Company's operations, and to put forward proposals and raise inquiries;

- to transfer, bestow or pledge the shares they hold according to laws, administrative regulations and the Articles of Association;

- to consult or copy the Articles of Association, the register of shareholders, the Company's bond stubs, minutes of general meetings, resolutions of the Board meetings and meetings of the supervisory committee, and financial and accounting reports;

- to participate in the distribution of the remaining assets of the Company according to the number of Shares held, in the event of the termination or liquidation of the Company;

- The shareholders disagreeing with the merger or separation resolution made by the general meeting are entitled to ask the Company to acquire their Shares;

- other rights stipulated by laws, administrative regulations, department rules or the Articles of Association.

Shareholders of the Company shall assume the following obligations:

- To comply with the laws, administration regulations and the Articles of Association;

- to pay subscription moneys for the Shares subscribed in accordance with the agreed manner of payment;

- no withdrawal from the Company except for the circumstances set out in the relevant laws and administrative regulations;

- not to abuse shareholder's rights to damage the interests of the Company or other shareholders; not to abuse the independent legal person status of the Company and the limited liability of shareholders to damage the interests of the creditors of the Company;

- Other obligations to be assumed by the Shareholders according to the laws, administration regulations and the Articles of Association.

Where the abuse of shareholders' rights causes any loss to the company or other shareholders, such abusive shareholder shall be liable for compensation in accordance with the law. Where shareholders of a company take advantage of the company's independent status or the limited liability of shareholders to disregard debts and seriously injure the interests of the company's creditors, such shareholders shall bear joint and several liability for the debts of the company.

## 5. GENERAL MEETINGS

### (1) General provisions

The general meeting shall be the organ of authority of the Company and shall exercise the following functions and powers according to law:

- To elect and replace directors and supervisors and to decide matters relating to the remuneration of directors and supervisors;
- to examine and approve reports of the Board;
- to examine and approve reports of the Supervisory Committee;
- To examine and approve profit distribution plans and loss recovery plans of the Company;
- to make resolutions concerning the increase or reduction of the Company's registered capital;
- To make resolutions on the issuance of corporate bonds;
- to pass resolutions on matters such as the merger, division, dissolution, liquidation or change in the organizational form of the Company;
- To amend the Articles of Association;
- To make resolution on the engagement or removal of the accounting firm;
- To review and approve the guarantee matters set out Article 39 of the Articles of Association;
- to examine matters relating to the Company's purchase and/or sale of major assets within one year that exceed 30% of the audited total assets of the Company in the most recent period;
- to examine and approve matters concerning changes in the use of proceeds;
- to consider the equity incentive scheme and Employee Stock Ownership Plan;
- To examine other matters that shall be decided by the general meeting as stipulated by laws, administrative regulations, departmental rules, securities regulatory rules of the place where the Company's shares are listed or the Articles of Association.

The general meeting can authorize the board of directors to make resolutions on the issuance of corporate bonds.

The general meetings shall be divided into the annual general meetings and the extraordinary general meetings. The annual general meeting shall be convened once a year, and shall be held within six months after the prior fiscal year ends.

The Company shall convene an Extraordinary General Meeting within two months of the occurrence of any of the following circumstances:

- the number of directors is less than the number specified in the Company Law or two-thirds of the number required by the Articles of Association;
- the uncovered loss of the Company reaches one-third of the total share capital of the Company;
- Shareholders holding at least 10% of the company's stocks make a request;
- the Board considers it necessary;
- the Supervisory Committee proposes such a meeting be held;
- any other circumstances stipulated by the laws, administrative regulations, departmental rules, regulatory rules of the place where the Company's shares are listed and the Articles of Association.

**(2) Convening of the General Meeting**

Independent directors have the right to propose to the Board to convene an extraordinary general meeting (EGM). For the proposal of independent directors of convening an EGM, the Board of Directors shall, pursuant to the provisions of laws, administrative regulations and the Articles of Association, give a written reply on whether to convene the EGM or not within ten days upon receipt of the proposal. If agreeing to convene an EGM, the Board shall, within five days after the Board resolution is made, issue a notice calling for the meeting. If the Board does not agree to convene such meeting, the reasons shall be stated and announced.

The Supervisory Committee has the right to propose to the Board to convene an EGM, and shall make such proposal in writing. The Board of Directors shall, pursuant to the provisions of laws, administrative regulations and this Articles of Association, give a written reply on whether to convene the EGM or not within ten days upon receipt of the proposal.

When the Board of Directors agrees to convene an EGM, the Board of Directors shall, within 5 days after the Board resolution is made, issue a notice calling for the meeting. Changes in the original proposal in the notice shall be subject to the approval of the Supervisory Committee.

When the Board of Directors does not agree to convene an EGM, or does not provide written feedback within 10 days upon receipt of the proposal, the Board of Directors shall be considered to be unable or fail to perform the duty of convening an EGM. The Supervisory Committee may convene and preside over the meeting on its own.

The shareholders who individually or jointly hold more than 10% of the shares of the Company shall have the right to propose to the Board of Directors and the Supervisory Committee for convening of an EGM, and shall make such request to the Board of Directors and the Supervisory Committee in writing. The Board of Directors and the Supervisory Committee shall, pursuant to the provisions of laws, administrative regulations and the Articles of Association, make a decision on whether to convene the EGM or not within ten days upon receipt of the request and provide a written reply to the shareholders.

When the Board of Directors and the Supervisory Committee agree to convene an extraordinary general meeting, they shall, within five days after the Board resolution and the resolution of Supervisory Committee are made, issue a notice calling for the meeting. Changes in the original proposal in the notice shall be subject to the approval of the relevant shareholders.

When the Board of Directors and the Supervisory Committee do not agree to convene an extraordinary general meeting, or do not provide feedback within ten days upon receipts of the request, shareholders who individually or collectively holding more than 10% of the Company's shares for 90 consecutive days, shall have the right to convene and preside over such a meeting.

Where the laws, administrative regulations, departmental rules and securities regulatory rules of the premise where the Company's shares are listed stipulate otherwise, the relevant provisions shall prevail.

**(3) Proposals and Notices of General Meetings**

When the Company convenes the general meeting, the Board of Directors, Supervisory Committee and shareholders holding more than 1% of the shares of the Company separately or jointly are entitled to submit proposals to the Company.

The shareholders holding more than 1% of the shares of the Company separately or jointly may raise temporary proposal and submit it to the board of directors in writing 10 days before the general meeting is held. The board of directors shall supplement the notice of general meeting in 2 days after receiving the proposal and publicize the content of the temporary proposal.

Save as specified above, the convener shall neither revise the proposals set out in the notice of general meetings nor add new proposals after issuing the notice of general meeting.

The general meeting shall not vote or pass resolutions on proposals not listed in the notice of the general meeting or resolutions not in conformity with Article 48 of the Articles of Association.

**(4) Holding of general meetings**

All the shareholders recorded in the register as at the Record Date have the right to attend the general meeting and exercise the voting rights in accordance with relevant laws, regulations and the Articles of Association. Shareholders may attend the general meeting in person, and also may appoint a proxy to attend and vote on his/her behalf.

The general meeting is presided over by the Chairman of the Board of Directors. If the chairman of the Board of Directors is unable or fails to perform his/her duties, the deputy chairman of the Board of Directors shall preside over the meeting (if the company has two or more deputy chairmen, deputy chairmen is elected by more than half of the directors to preside over the board.) If the company does not have a vice chairman or unable or fails to perform his/her duties, a director elected by above half of the directors shall preside over the meeting.

A general meeting convened by the Supervisory Committee shall be presided over by the chairman of the Supervisory Committee. If the chairman of the Supervisory Committee is unable or fails to perform his/her duties, the deputy chairman of the Supervisory Committee shall preside over the meeting. If the deputy chairman is unable or fails to perform his/her duties, a Supervisor elected by more than half of the Supervisors shall preside over the meeting.

If a General Meeting is convened by the shareholders, the convener shall elect a representative to preside over the meeting.

During the course of a general meeting, if the meeting presider violates the procedural rules such that the meeting cannot be continued, the shareholders in the general meeting may elect one person to act as the meeting presider to continue the meeting as long as the proposed chairman has the consent of more than half of the shareholders with voting rights who are present at the meeting.

**(5) Voting and Resolutions of General Meetings**

The resolutions of a general meeting are classified into ordinary ones and special ones.

Ordinary resolutions of the general meeting shall be passed by more than half of the voting rights held by the shareholders (including their proxies) present at the meeting.

Special resolutions of the general meeting shall be adopted by more than two-thirds of the voting rights held by the shareholders (including proxies) present at the meeting.

The following matters shall be resolved by way of ordinary resolution of the general meeting:

- reports of the Board of Directors and the Supervisory Committee;
- profit distribution proposals and proposals for making up losses formulated by the Board of Directors;
- appointment, dismissal and remuneration of the members of the Board and the Supervisory Committee and the method of payment of the remuneration;
- annual report of the Company;
- Other matters other than those that shall be resolved by special resolutions according to laws, administrative regulations, regulatory rules of the place where the Company's shares are listed or the Articles of Association.

The following matters shall be resolved by way of special resolution of the general meeting:

- Increase or reduction of the Company's registered capital;
- separation, division, merger, dissolution and liquidation of the Company;
- amendment of the Articles of Association;
- the Company's purchase or disposal of major assets within one year or guarantee amount exceeding thirty percent of the latest audited total assets of the Company;
- The equity incentive scheme;
- other matters required to be resolved by way of a special resolution by the laws, administrative regulations, regulatory rules of the place where the Company's shares are listed or the Articles of Association, and matters which, according to an ordinary resolution of the general meeting, may have a significant impact on the Company and shall be resolved by way of a special resolution.

## 6. DIRECTORS AND THE BOARD

### (1) Directors

Directors shall be elected or replaced by the general meeting and may be removed from office by the general meeting before the expiration of their term of office. The Directors have a tenure of three years and can be reelected upon the expiry of the tenure.

The term of office of directors shall last from the date on which the directors take office to the expiration of the term of office of the current Board of Directors. Where a new elect is not yet available upon expiration of a director's term, or the number of the directors on the board is less than the quorum due to the resignation of a director within his term, such director, before the new elect takes his office, shall continue the performance of his duties in accordance with laws, administrative regulations, department rules, the articles or association and the regulatory rules of the place where the Company's shares are listed.

A director may be the general manager or other senior officer concurrently, provided that the total number of directors who concurrently serve as the general manager or other senior officers and directors who are employee representatives shall not exceed half of the total number of directors of the Company.

**(2) Board of Directors**

The Board of Directors shall consist of nine directors, three of whom shall be independent non-executive Directors. The Board of Directors shall have one chairman. The Board shall exercise the following functions and powers:

- To convene general meetings and presenting reports thereto;
- To implement resolutions adopted by the general meeting;
- to resolve on the Company's business plans and investment plans;
- to formulate the profit distribution plan and loss recovery plan of the Company;
- To formulate the plans of increasing or decreasing the Company's registered capital, issuing corporate bonds or other securities, and going public;
- To formulate the plans for merger, division, dissolution or change of corporate form of the company;
- to determinate the setup of the Company's internal management structure;
- to appoint or dismiss the general manager, board secretary and other senior officers of the Company, and decide on matters of remuneration, rewards and punishments; to appoint or dismiss senior officers such as deputy general manager and CFO according to the nomination of the general manager, and decide on matters of remuneration, rewards and punishments;
- to formulate plans for material assets acquisitions and the disposal and purchase of Shares of the Company;

- to determine the outbound investment, acquisition and disposal of assets, asset mortgage, external guarantee, consigned financial management, connected transactions, and external donations of the Company within the authority granted by the general meeting;

- to formulate the basic management system of the Company;

- to formulate proposals for any amendment to the Articles of Association;

- to manage the information disclosure of the Company;

- to request the general meeting to engage or replace the accounting firm that provides audit for the Company;

- to debrief the work report of the general manager of the Company and check the works of the general manager;

- To decide on the Company's repurchase of its Shares under the circumstances specified in items (III), (V) and (VI) of Article 24 of the Articles of Association on the premise of complying with the securities regulatory rules of the place where the company's shares are listed;

- any other functions and powers granted by the laws, administrative regulations, departmental rules, regulation rules of the place where the Company's shares are listed, the Articles of Association, and the general meeting.

The Board of Directors of the Company shall have the Audit Committee, Nomination Committee, Remuneration and Appraisal Committee, and Strategy Committee. The special committees shall be accountable to the Board of Directors and shall perform their duties in accordance with the Articles of Association and the authorization of the Board of Directors. Their proposals shall be submitted to the Board of Directors for deliberation and decision. All special committees are comprised of directors. The majority of members of the Audit Committee, the Nomination Committee, and the Remuneration and Appraisal Committee shall be independent directors, who shall also be the conveners, provided that the convener of the Audit Committee shall be an accounting professional. The members of the audit committee should be directors who do not hold senior management positions within the company. The Board of Directors shall be responsible for formulating the working rules of the special committees and regulating their operation.

## 7. GENERAL MANAGER AND OTHER SENIOR OFFICERS

The Company shall have one general manager who shall be appointed or removed by the Board.

The Company shall have several deputy general managers who shall be appointed or dismissed by the Board.

The general manager, deputy general manager, chief financial officer, board secretary and other persons expressly appointed by the board as the senior officers shall be the senior officers of the Company. The general manager shall be accountable to the Board and exercise the following powers and functions:

- to be in charge of the Company's production, operation and management, organize the implementation of resolutions of the Board of Directors, and report to the Board of Directors;
- to organize the implementation of the Company's annual business plans and investment plans;
- to prepare the proposal for the setup of the Company's internal management structure;
- to draft the Company's basic management system;
- to formulate the detailed rules and regulations of the Company;
- To propose to the board of directors the appointment or dismissal of the deputy general manager, chief financial officer and other senior officers;
- to decide to employ and dismiss the responsible management personnel other than those to be employed and dismissed by the Board of Directors;
- other functions and powers granted by the Articles of Association or the Board of Directors.

The general manager shall attend meetings of the Board as an observer.

## 8. SUPERVISORY COMMITTEE

The Company shall have a Supervisory Committee. The Supervisory Committee is composed of three Supervisors. The Supervisory Committee shall have one chairman elected by more than half of all the supervisors and may have the vice chairman. The meetings of the Supervisory Committee shall be convened and presided over by the chairman of the Supervisory Committee. In the event that the chairman of the Supervisory Committee is unable or fails to perform his/her duties, the vice chairman of the Supervisory Committee shall convene and preside over the meetings of the Supervisory Committee. In the event that the vice chairman is unable or fails to perform his/her duties, the meetings shall be convened and presided over by a supervisor jointly nominated by more than half of all the supervisors.

The Supervisory Committee shall be composed of shareholder representative Supervisors and employee representative supervisors, and the employee representative supervisors shall be not less than one-third of the members of the Supervisory Committee. The representatives of the staff and workers on the Supervisory Committee shall be democratically elected by the staff and workers through the congresses or assemblies of the workers and staff members or other forms.

The Supervisory Committee shall exercise the following power:

- to examine the Company's financial affairs;

- to monitor any acts of directors and senior officers of the Company in their performance of duties, and to propose the removal of directors and senior officers who have violated laws, administrative regulations, the securities regulatory rules of the place where the Company's shares are listed, the Articles of Association or resolutions of the general meeting;

- when the acts of any Directors or senior officers are found to damage the interests of the Company, to urge them to make correction;

- to propose the holding of EGMs and, in the event that the board of directors fails to perform its duty of convening and presiding over a general meeting, to convene and preside over such a meeting;

- to submit proposals to the general meeting;

- to review the periodical reports of the Company prepared by the Board of Directors and to submit written review opinions thereon;

- to sue the director or senior officers in accordance with Article 33 of the Articles of Association and the relevant provisions of the Company Law;

- to conduct investigation if there is any unusual circumstances in the Company's operations; and if necessary, to engage a law firm, accounting firm, or other professional institutions to assist in their work with expenses borne by the Company;

- other functions and powers specified in the Articles of Association.

## 9. QUALIFICATIONS OF DIRECTORS, SUPERVISORS AND SENIOR OFFICERS

The directors, supervisor, or the senior officers of the Company shall be natural persons. A person in any of the following categories may not serve as a director, supervisor, or the senior officer of the Company:

- Persons without capacity or with limited capacity for civil conduct;
- persons who were sentenced for crimes of corruption, bribery, encroachment or embezzlement of property or disruption of the social and economic order, where five years have not lapsed following the serving of the sentence, or persons who were deprived of their political rights for committing a crime, where five years have not lapsed following the serving of the sentence, or in case of a suspended sentence, not more than two years have elapsed since the date of expiration of the probationary period;
- persons who acted as directors, or factory managers or managers of bankrupt or liquidated companies or enterprises who bear personal liability for the bankruptcy or liquidation of such companies or enterprises, where three years have not lapsed following the date of completion of such bankruptcy or liquidation;
- persons who were legal representatives of a company or enterprise, which had its business license revoked due to a violation of the law and were ordered to close down, and who were personally liable for the revocation of business license of such company or enterprise, where less than three years have elapsed since the date of the revocation of business license of such company or enterprise;
- persons who have been listed by the People's Court as defaulter because they have incurred debts of a large amount that have not been settled by the due date;
- Persons who are imposed by the CSRC a ban from entering into the securities market for a period which has not yet expired;
- other requirements stipulated in the laws, administrative regulations, departmental rules, securities regulatory rules of the place where the Company's shares are listed.

Election, appointment or employment of Directors, Supervisors or senior officers in violation of the above provisions shall be invalid. In the event that the circumstances as stipulated in this Article arise during the term of office of any Director, Supervisor or senior officer, the Company shall dismiss the relevant person.

## 10. FINANCIAL AND ACCOUNTING SYSTEMS

The Company shall formulate its own financial and accounting systems in accordance with laws, administrative regulations, and rules of the relevant authorities of the state.

The Company shall have the annual report, interim report and other financial and accounting reports prepared in accordance with relevant laws, administrative regulations, requirements of the CSRC and rules of the stock exchanges where the company's shares are listed.

## 11. PROFIT DISTRIBUTION

When the Company distributes the after-tax profits of the current year, it shall allocate 10% of the profits into the statutory reserve fund. If the accumulated amount of the statutory reserve fund reaches 50% of the registered capital, the Company is released from the obligation of withholding statutory reserve fund.

Where the statutory common reserve fund of the company is not sufficient to recover its losses in the previous years, the profits of the current year shall be used to make up the loss before the withdrawing of the statutory common reserve fund in accordance with the above provisions.

After making allocation to the statutory provident fund of the Company from its after-tax profits, the Company may, subject to resolutions adopted at the general meeting, also allocate funds from the after-tax profits to the discretionary provident fund.

The remaining after-tax profits of the Company after making up the losses and withdrawing the reserve may be distributed according to the proportion of shares held by shareholders, unless otherwise provided in the Articles of Association.

No profits shall be distributed in respect of the Company's Shares held by the Company.

## 12. APPOINTMENT OF ACCOUNTING FIRMS

The Company shall employ an accounting firm that complies with the provisions of the Securities Law to audit financial reports, verify net assets, and offer other relevant consulting services. The term of employment of such accounting firm shall be one year, which is renewable.

Employing an accounting firm for the Company shall be decided by the general meeting. The Board shall not appoint an accounting firm before a general meeting is held.

## 13. DISSOLUTION AND LIQUIDATION

The Company shall be dissolved if:

- business term specified in the Articles of Association expires or other dissolution reasons as stipulated in the Articles of Association arise;
- the general meeting resolves to dissolve the Company by means of special resolution;
- a dissolution is required due to merger or division of the Company;
- the Company is revoked of business license according to law, ordered to close or canceled;
- there is severe difficulty in the operation and management of the Company, and the continued existence of the Company will have material prejudice to the interests of the shareholders and there is no other way to resolve, shareholders who hold an aggregate of over ten percent of the whole voting rights can make a petition to the People's Court to dissolve the Company.

If a company is in the situation of paragraphs 1 and 2 of the preceding article and has not yet distributed its property to its shareholders, it may survive by amending its articles of association or by a resolution of the general meeting. Amendments to the Articles of Association or resolutions of general meeting made in accordance with the provisions of the preceding paragraph shall be approved by more than 2/3 of the voting rights held by the shareholders attending the general meeting.

After the liquidation committee has thoroughly examined the Company's assets and prepared a balance sheet and schedule of assets, it shall formulate a liquidation plan and submit such plan to the general meeting or the people's court for confirmation.

The remaining property of the Company after paying the liquidation expenses, wages owed to employees of the Company, labor insurance fees and statutory compensation, outstanding taxes and debts of the Company shall be distributed in proportion to the number of shares held by shareholders.

During the liquidation period, the Company still exists but shall not carry out any business activities not related to liquidation. The property of the Company shall not be distributed to shareholders until all liabilities have been paid off in accordance with the provisions of the preceding paragraph.

If the liquidation committee, having thoroughly examined the Company's property and prepared a balance sheet and schedule of assets, discovers that the Company's property is insufficient to pay its debts in full, it shall immediately apply to the People's Court for bankruptcy liquidation.

After the people's court accepts the bankruptcy application, the liquidation committee shall hand over the liquidation affairs to the bankruptcy administrator appointed by the people's court.

After the liquidation of a company is completed, the liquidation committee shall prepare a liquidation report and submit the report to the general meeting or the people's court for confirmation, and shall submit it to the company registration authority to apply for cancellation of the registration of the company.

## 14. AMENDMENT TO THE ARTICLES OF ASSOCIATION

The Company shall amend the Articles of Association under any of the following circumstances:

- After the amendment of the Company Law or relevant laws and administrative regulations, or the listing rules of the stock exchange where the Company's share are listed, the matters stipulated in the Articles of Association conflict with the provisions of the amended laws, administrative regulations or listing rules of the stock exchange where the Company's share are listed;

- there has been a change to the Company, resulting in inconsistency with the content in the Articles of Association;

- The General Meeting approves to amend the Articles of Association by a special resolution.

## A. FURTHER INFORMATION ABOUT OUR GROUP

### 1. Incorporation of our Company

Our Company was established as a limited liability company in the PRC on December 10, 2014 and was converted into a joint stock limited company on June 7, 2023 under the laws of the PRC. As of the Latest Practicable Date, the registered share capital of our Company was RMB360,000,000.

We have established a place of business in Hong Kong at 5/F, Manulife Place, 348 Kwun Tong Road, Kowloon, Hong Kong. Our Company has been registered as a non-Hong Kong company in Hong Kong under Part 16 of the Companies Ordinance on June 27, 2024 with the Registrar of Companies in Hong Kong. Ms. Lam Wing Chi, one of our joint company secretaries, has been appointed as our agent for the acceptance of service of process in Hong Kong whose correspondence address is the same as our place of business in Hong Kong.

As we are established in the PRC, our corporate structure and Articles of Association are subject to the relevant laws and regulations of the PRC. A summary of the relevant provisions of our Articles of Association is set out in "Appendix V—Summary of Articles of Association." A summary of certain relevant aspects of the laws and regulations of the PRC is set out in "Appendix IV—Summary of Principal Legal and Regulatory Provisions."

### 2. Changes in Share Capital of our Company

On May 24, 2022, our Company completed the SAMR registration in respect of the increase of its registered capital from RMB35,305,380 to RMB36,139,310.

On October 18, 2023, our Company completed the SAMR registration in respect of the increase of its registered capital from RMB36,139,310 to RMB38,368,959.

On December 1, 2023, our Company completed the SAMR registration in respect of the increase of its registered capital from RMB38,368,959 to RMB38,658,074.

Upon completion of the Global Offering, without taking into account any H Shares which may be issued pursuant to the Over-allotment Option, our registered share capital will be increased to RMB399,190,000, comprising 89,576,892 Unlisted Shares and 309,613,108 H Shares to be issued under the Global Offering and to be converted from the Unlisted Shares upon Listing, representing approximately 22.44% and 77.56% of our registered capital, respectively.

See "History, Development and Corporate Structure—Major Shareholding Changes of our Company" for further details. Save as disclosed above, there had been no other alteration of the share capital of our Company within the two years immediately preceding the date of this prospectus.

### 3. Changes in Share Capital of our Subsidiaries

A summary of the corporate information and the particulars of our subsidiaries as of the Latest Practicable Date are set out in Note 14 to the Accountant's Report as set out in Appendix I to this prospectus.

The following subsidiaries were incorporated during the two years immediately preceding the date of this prospectus:

| Name of subsidiary | Place of incorporation | Date of incorporation | Registered or issued capital as at the date of this prospectus |
|---|---|---|---|
| Jiangsu Yuanshi | PRC | June 17, 2022 | RMB62,000,000 |
| Nanjing Kaiyun | PRC | August 9, 2022 | RMB75,000,000 |
| Wuhan Youjia | PRC | August 16, 2022 | RMB80,000,000 |
| Ruijian Zhixing | PRC | November 17, 2022 | RMB13,333,333 |
| Guangzhou Youjia | PRC | May 18, 2023 | RMB100,000,000 |
| Tongxiang Wuzhen Youjia | PRC | September 25, 2023 | RMB5,000,000 |
| Youjia Zhixing | PRC | September 27, 2023 | RMB10,000,000 |
| Shaanxi Youjia | PRC | March 1, 2024 | RMB3,000,000 |
| Minsight SG | Singapore | November 20, 2023 | SGD100,000 |
| Guangzhou Youjia Intelligent | PRC | June 14, 2024 | RMB3,000,000 |

The following sets out the changes in the share capital of our subsidiaries during the two years immediately preceding the date of this prospectus:

On December 8, 2022, Jiangsu Yuanshi completed the SAMR registration in respect of the increase of its registered capital from RMB60,000,000 to RMB62,000,000.

On March 8, 2023, Shanghai Youqu completed the SAMR registration in respect of the increase of its registered capital from RMB10,000,000 to RMB30,000,000.

On May 8, 2023, Ruijian Zhixing completed the SAMR registration in respect of the increase of its registered capital from RMB10,000,000 to RMB13,333,333.

On August 20, 2024, Guangzhou Youjia Intelligent was deregistered on a voluntary basis as it had no substantial business operation.

Save as disclosed above and in the Accountant's Report set out in Appendix I to this prospectus, there had been no other alteration of the share capital of our subsidiaries within the two years immediately preceding the date of this prospectus.

### 4. Resolutions of our Shareholders

Pursuant to general meetings held on May 13, 2024, among other things, our Shareholders resolved that:

(a) the issue by the Company of H Shares with a nominal value of RMB1.00 each and such H Shares be listed on the Hong Kong Stock Exchange;

(b) the number of H Shares to be issued shall be no more than 120,000,000, representing approximately 25% of the total issued share capital of our Company as enlarged by the Global Offering before the exercise of the Over-allotment Option;

(c) subject to the filing with CSRC is completed, upon completion of the Global Offering, 270,423,108 Unlisted Shares will be converted into H Shares on a one-for-one basis;

(d) authorization of the Board or its authorized individual(s) to handle all matters relating to, among other things, the Global Offering, the issue and the listing of H Shares on the Hong Kong Stock Exchange; and

(e) subject to the completion of the Global Offering, the conditional adoption of the revised Articles of Association, which shall become effective on the Listing Date.

## B. FURTHER INFORMATION ABOUT OUR BUSINESS

### 1. Summary of Material Contracts

We have entered into the following contracts (not being contracts entered into in the ordinary course of business) within the two years immediately preceding the date of this Prospectus that are or may be material:

(a) the capital increase agreement dated August 25, 2023 entered into among our Company, Liu Guoqing (劉國清), Zhou Xiang (周翔), Yang Guang (楊廣), Wang Qicheng (王啟程), Yan Shengye (閆勝業), Wu Jianxin (吳建鑫), WU YONGMING, Shenzhen Zeyi Semiconductor Investment Partnership (Limited Partnership) (深圳澤奕半導體投資合夥企業(有限合夥)), Jinhua Puhua Tianqin Equity Investment Fund Partnership (Limited Partnership) (金華普華天勤股權投資基金合夥企業(有限合夥)), Hangzhou Binjiang Puhua Tianqing Equity Investment Partnership (Limited Partnership) (杭州濱江普華天晴股權投資合夥企業(有限合夥)), Shenzhen Hechuang Intelligent and Health Venture Capital Fund (Limited Partnership) (深圳市合創智能及健康創業投資基金(有限合夥)), Qingdao Xinda Pu Chuang Investment Center (Limited Partnership) (青島信達普創投資中心(有限合夥)), Shenzhen Jiaxin Yuande Equity Investment Fund Partnership (Limited Partnership) (深圳市嘉信元德股權投資基金合夥企業(有限合夥)), Shanghai Ganche Intelligent Technology Partnership (Limited Partnership) (上海淦澈智能科技合夥企業(有限合夥)), Harbin

Xinrong Qihang Venture Capital Enterprise (Limited Partnership) (哈爾濱鑫榕啟航創業投資企業(有限合夥)), Zhejiang Huihong Industrial Investment Co., Ltd. (浙江暉竑產業投資有限公司), Hangzhou Fulin Venture Capital Partnership (Limited Partnership) (杭州復林創業投資合夥企業(有限合夥)), Shanghai Hongjin Enterprise Management Partnership (Limited Partnership) (上海泓津企業管理合夥企業(有限合夥)), Beijing Siwei Internet Fund Management Center (Limited Partnership) (北京四維互聯基金管理中心(有限合夥)), Shenzhen Futian District Shanchuang Small, Medium and Micro Equity Investment Fund Partnership (Limited Partnership) (深圳市福田區杉創中小微股權投資基金合夥企業(有限合夥)), Shanghai Moqin Intelligent Technology Co., Ltd. (上海摩勤智能技術有限公司), Shenzhen Kangchengheng Ruixiang Investment Partnership (Limited Partnership) (深圳市康成亨睿享投資合夥企業(有限合夥)), SME Development Fund (Shenzhen Nanshan Limited Partnership) (中小企業發展基金(深圳南山有限合夥)), Zhuhai Jiashi Shengqi Venture Capital Fund Partnership (Limited Partnership) (珠海嘉實盛啟創業投資基金合夥企業(有限合夥)), Zhuhai Jiashi Shengde Venture Capital Fund Partnership (Limited Partnership) (珠海嘉實盛德創業投資基金合夥企業(有限合夥)), Zhuhai Jiashi Shengxuan Venture Capital Fund Partnership (Limited Partnership) (珠海嘉實盛烜創業投資基金合夥企業(有限合夥)), Hangzhou Yuanjing Chuangheng Equity Investment Fund Partnership (Limited Partnership) (杭州圓璟創恒股權投資基金合夥企業(有限合夥)), Suzhou Yuanjing Equity Investment Partnership (Limited Partnership) (蘇州圓璟股權投資合夥企業(有限合夥)), Li Fan (李凡), Shenzhen Youjia Qingcheng Investment Partnership (Limited Partnership) (深圳佑駕清成投資合夥企業(有限合夥)), Shenzhen Youjia Zhongcheng Investment Partnership (Limited Partnership) (深圳佑駕眾成投資合夥企業(有限合夥)), Shenzhen Youjia Licheng Investment Partnership (Limited Partnership) (深圳佑駕礪成投資合夥企業(有限合夥)), Shenzhen Qianhe Wanhe Venture Capital Partnership (Limited Partnership) (深圳千賀萬禾創業投資合夥企業(有限合夥)), Qingdao CICC Alpha Intelligent Internet Industry Equity Investment Fund (Limited Partnership) (青島中金甲子智能互聯產業股權投資基金(有限合夥)), Xinzhifeng (Wuhan) Equity Investment Fund Partnership (Limited Partnership) (信之風(武漢)股權投資基金合夥企業(有限合夥)), Zhongjin (Changde) Emerging Industry Venture Capital Partnership (Limited Partnership) (中金(常德)新興產業創業投資合夥企業(有限合夥)), Liantong Zhongjin Innovation Industry Equity Investment Fund (Shenzhen) Partnership (Limited Partnership) (聯通中金創新產業股權投資基金(深圳)合夥企業(有限合夥)), Shenzhen Nanshan Dongfang Fuhai Small, Medium and Micro Venture Capital Fund Partnership (深圳南山東方富海中小微創業投資基金合夥企業(有限合夥)), Shenzhen Fuhai Youxuan No. 2 High-tech Venture Capital Partnership (Limited Partnership) (深圳市富海優選二號高科技創業投資合夥企業(有限合夥)), Chongqing Kexing Kechuang Equity Investment Fund Partnership (Limited Partnership) (重慶科興科創股權投資基金合夥企業(有限合夥)), Chongqing Shenghehui Enterprise Management Partnership (Limited Partnership) (重慶盛禾匯企業管理合夥企業(有限合夥)), Guokai Zhizao Transformation and Upgrading Fund (Limited Partnership) (國開製造業轉型升級基金(有限合夥)), Hubei Cathay Car Tech Equity Investment Fund Partnership L.P. (湖北凱輝長江汽車產業股權投資基金合夥企業(有限合夥)), Shanghai Jipei Xinsheng Management

Consulting Partnership (Limited Partnership) (上海吉佩新盛管理諮詢合夥企業(有限合夥)), Sichuan Shenwan Hongyuan Changhong Equity Investment Fund Partnership (Limited Partnership) (四川申萬宏源長虹股權投資基金合夥企業(有限合夥)), Shenhong Huichuang Development (Foshan) Equity Investment Partnership (Limited Partnership) (申宏匯創發展(佛山)股權投資合夥企業(有限合夥)), Jinning Economic Development Industry Strong Chain Equity Investment (Hubei) Partnership (Limited Partnership) (金寧經開產業強鏈股權投資(湖北)合夥企業(有限合夥)), Guangzhou Science and Technology Industry Investment Fund Partnership (Limited Partnership) (廣州科創產業投資基金合夥企業(有限合夥)), Guangzhou Kechuangzhihui No. 2 Venture Capital Partnership (Limited Partnership) (廣州科創智匯二號創業投資合夥企業(有限合夥)), Guangzhou Suikai Intelligent Manufacturing Equity Investment Partnership (Limited Partnership) (廣州穗開智造股權投資合夥企業(有限合夥)), Guangzhou Suikai Intelligent Manufacturing No. 2 Equity Investment Partnership (Limited Partnership) (廣州穗開智造貳號股權投資合夥企業(有限合夥)), Guangzhou Hehe Suikai Investment Partnership (Limited Partnership) (廣州和合穗開投資合夥企業(有限合夥)), Chaogaoqing Video Industry Investment Fund (Guangzhou) Partnership (Limited Partnership) (超高清視頻產業投資基金(廣州)合夥企業(有限合夥)), Suzhou Industrial Park Huazhi Xingrui Venture Capital Partnership (Limited Partnership) (蘇州工業園區華智興瑞創業投資合夥企業(有限合夥)), Shanghai Boyuan Hongcheng Venture Capital Partnership (Limited Partnership) (上海博原鴻成創業投資合夥企業(有限合夥)), Suzhou Xinjing Fuying Venture Capital Partnership (Limited Partnership) (蘇州新景富盈創業投資合夥企業(有限合夥)), Tongxiang Wuzhen Puhua Fengqi Venture Capital Partnership (Limited Partnership) (桐鄉烏鎮普華鳳棲創業投資合夥企業(有限合夥)), and Jiangmen Kexi Zhongke Selected No. 4 Venture Capital Partnership (Limited Partnership) (江門珂璽中科特選四號創業投資合夥企業(有限合夥)), to increase the registered capital of our Company;

(b) the shareholders' agreement dated August 25, 2023 entered into among our Company, Liu Guoqing (劉國清), Zhou Xiang (周翔), Yang Guang (楊廣), Wang Qicheng (王啟程), Yan Shengye (閆勝業), Wu Jianxin (吳建鑫), WU YONGMING, Shenzhen Zeyi Semiconductor Investment Partnership (Limited Partnership) (深圳澤奕半導體投資合夥企業(有限合夥)), Jinhua Puhua Tianqin Equity Investment Fund Partnership (Limited Partnership) (金華普華天勤股權投資基金合夥企業(有限合夥)), Hangzhou Binjiang Puhua Tianqing Equity Investment Partnership (Limited Partnership) (杭州濱江普華天晴股權投資合夥企業(有限合夥)), Shenzhen Hechuang Intelligent and Health Venture Capital Fund (Limited Partnership) (深圳市合創智能及健康創業投資基金(有限合夥)), Qingdao Xinda Pu Chuang Investment Center (Limited Partnership) (青島信達普創投資中心(有限合夥)), Shenzhen Jiaxin Yuande Equity Investment Fund Partnership (Limited Partnership) (深圳市嘉信元德股權投資基金合夥企業(有限合夥)), Shanghai Ganche Intelligent Technology Partnership (Limited Partnership) (上海淦澈智能科技合夥企業(有限合夥)), Harbin Xinrong Qihang Venture Capital Enterprise (Limited Partnership) (哈爾濱鑫榕啟航創業投資企業(有限合夥)), Zhejiang Huihong Industrial Investment Co., Ltd. (浙江暉竑產業投資有限公司), Hangzhou Fulin Venture Capital Partnership (Limited

Partnership) (杭州復林創業投資合夥企業(有限合夥)), Shanghai Hongjin Enterprise Management Partnership (Limited Partnership) (上海泓津企業管理合夥企業(有限合夥)), Beijing Siwei Internet Fund Management Center (Limited Partnership) (北京四維互聯基金管理中心(有限合夥)), Shenzhen Futian District Shanchuang Small, Medium and Micro Equity Investment Fund Partnership (Limited Partnership) (深圳市福田區杉創中小微股權投資基金合夥企業(有限合夥)), Shanghai Moqin Intelligent Technology Co., Ltd. (上海摩勤智能技術有限公司), Shenzhen Kangchengheng Ruixiang Investment Partnership (Limited Partnership) (深圳市康成亨睿享投資合夥企業(有限合夥)), SME Development Fund (Shenzhen Nanshan Limited Partnership) (中小企業發展基金(深圳南山有限合夥)), Zhuhai Jiashi Shengqi Venture Capital Fund Partnership (Limited Partnership) (珠海嘉實盛啟創業投資基金合夥企業(有限合夥)), Zhuhai Jiashi Shengde Venture Capital Fund Partnership (Limited Partnership) (珠海嘉實盛德創業投資基金合夥企業(有限合夥)), Zhuhai Jiashi Shengxuan Venture Capital Fund Partnership (Limited Partnership) (珠海嘉實盛烜創業投資基金合夥企業(有限合夥)), Hangzhou Yuanjing Chuangheng Equity Investment Fund Partnership (Limited Partnership) (杭州圓璟創恒股權投資基金合夥企業(有限合夥)), Suzhou Yuanjing Equity Investment Partnership (Limited Partnership) (蘇州圓璟股權投資合夥企業(有限合夥)), Li Fan (李凡), Shenzhen Youjia Qingcheng Investment Partnership (Limited Partnership) (深圳佑駕清成投資合夥企業(有限合夥)), Shenzhen Youjia Zhongcheng Investment Partnership (Limited Partnership) (深圳佑駕眾成投資合夥企業(有限合夥)), Shenzhen Youjia Licheng Investment Partnership (Limited Partnership) (深圳佑駕礪成投資合夥企業(有限合夥)), Shenzhen Qianhe Wanhe Venture Capital Partnership (Limited Partnership) (深圳千賀萬禾創業投資合夥企業(有限合夥)), Qingdao CICC Alpha Intelligent Internet Industry Equity Investment Fund (Limited Partnership) (青島中金甲子智能互聯產業股權投資基金(有限合夥)), Xinzhifeng (Wuhan) Equity Investment Fund Partnership (Limited Partnership) (信之風(武漢)股權投資基金合夥企業(有限合夥)), Zhongjin (Changde) Emerging Industry Venture Capital Partnership (Limited Partnership) (中金(常德)新興產業創業投資合夥企業(有限合夥)), Liantong Zhongjin Innovation Industry Equity Investment Fund (Shenzhen) Partnership (Limited Partnership) (聯通中金創新產業股權投資基金(深圳)合夥企業(有限合夥)), Shenzhen Nanshan Dongfang Fuhai Small, Medium and Micro Venture Capital Fund Partnership (深圳南山東方富海中小微創業投資基金合夥企業(有限合夥)), Shenzhen Fuhai Youxuan No. 2 High-tech Venture Capital Partnership (Limited Partnership) (深圳市富海優選二號高科技創業投資合夥企業(有限合夥)), Chongqing Kexing Kechuang Equity Investment Fund Partnership (Limited Partnership) (重慶科興科創股權投資基金合夥企業(有限合夥)), Chongqing Shenghehui Enterprise Management Partnership (Limited Partnership) (重慶盛禾匯企業管理合夥企業(有限合夥)), Guokai Zhizao Transformation and Upgrading Fund (Limited Partnership) (國開製造業轉型升級基金(有限合夥)), Hubei Cathay Car Tech Equity Investment Fund Partnership L.P. (湖北凱輝長江汽車產業股權投資基金合夥企業(有限合夥)), Shanghai Jipei Xinsheng Management Consulting Partnership (Limited Partnership) (上海吉佩新盛管理諮詢合夥企業(有限合夥)), Sichuan Shenwan Hongyuan Changhong Equity Investment Fund Partnership (Limited Partnership) (四川申萬宏源長虹股權投資基金合夥企業(有限

合夥)), Shenhong Huichuang Development (Foshan) Equity Investment Partnership (Limited Partnership) (申宏匯創發展(佛山)股權投資合夥企業(有限合夥)), Jinning Economic Development Industry Strong Chain Equity Investment (Hubei) Partnership (Limited Partnership) (金寧經開產業強鏈股權投資(湖北)合夥企業(有限合夥)), Guangzhou Science and Technology Industry Investment Fund Partnership (Limited Partnership) (廣州科創產業投資基金合夥企業(有限合夥)), Guangzhou Kechuangzhihui No. 2 Venture Capital Partnership (Limited Partnership) (廣州科創智匯二號創業投資合夥企業(有限合夥)), Guangzhou Suikai Intelligent Manufacturing Equity Investment Partnership (Limited Partnership) (廣州穗開智造股權投資合夥企業(有限合夥)), Guangzhou Suikai Intelligent Manufacturing No. 2 Equity Investment Partnership (Limited Partnership) (廣州穗開智造貳號股權投資合夥企業(有限合夥)), Guangzhou Hehe Suikai Investment Partnership (Limited Partnership) (廣州和合穗開投資合夥企業(有限合夥)), Chaogaoqing Video Industry Investment Fund (Guangzhou) Partnership (Limited Partnership) (超高清視頻產業投資基金(廣州)合夥企業(有限合夥)), Suzhou Industrial Park Huazhi Xingrui Venture Capital Partnership (Limited Partnership) (蘇州工業園區華智興瑞創業投資合夥企業(有限合夥)), Shanghai Boyuan Hongcheng Venture Capital Partnership (Limited Partnership) (上海博原鴻成創業投資合夥企業(有限合夥)), Suzhou Xinjing Fuying Venture Capital Partnership (Limited Partnership) (蘇州新景富盈創業投資合夥企業(有限合夥)), Tongxiang Wuzhen Puhua Fengqi Venture Capital Partnership (Limited Partnership) (桐鄉烏鎮普華鳳棲創業投資合夥企業(有限合夥)), and Jiangmen Kexi Zhongke Selected No. 4 Venture Capital Partnership (Limited Partnership) (江門珂璽中科特選四號創業投資合夥企業(有限合夥)), pursuant to which shareholders' rights were agreed among the aforementioned parties;

(c) the capital increase agreement dated November 17, 2023 entered into among our Company, Liu Guoqing (劉國清), Zhou Xiang (周翔), Yang Guang (楊廣), Wang Qicheng (王啟程), Wu Jianxin (吳建鑫), Yan Shengye (閆勝業), WU YONGMING, Shenzhen Zeyi Semiconductor Investment Partnership (Limited Partnership) (深圳澤奕半導體投資合夥企業(有限合夥)), Jinhua Puhua Tianqin Equity Investment Fund Partnership (Limited Partnership) (金華普華天勤股權投資基金合夥企業(有限合夥)), Hangzhou Binjiang Puhua Tianqing Equity Investment Partnership (Limited Partnership) (杭州濱江普華天晴股權投資合夥企業(有限合夥)), Shenzhen Hechuang Intelligent and Health Venture Capital Fund (Limited Partnership) (深圳市合創智能及健康創業投資基金(有限合夥)), Qingdao Xinda Pu Chuang Investment Center (Limited Partnership) (青島信達普創投資中心(有限合夥)), Shenzhen Jiaxin Yuande Equity Investment Fund Partnership (Limited Partnership) (深圳市嘉信元德股權投資基金合夥企業(有限合夥)), Shanghai Ganche Intelligent Technology Partnership (Limited Partnership) (上海淦澈智能科技合夥企業(有限合夥)), Harbin Xinrong Qihang Venture Capital Enterprise (Limited Partnership) (哈爾濱鑫榕啟航創業投資企業(有限合夥)), Zhejiang Huihong Industrial Investment Co., Ltd. (浙江暉竑產業投資有限公司), Hangzhou Fulin Venture Capital Partnership (Limited Partnership) (杭州復林創業投資合夥企業(有限合夥)), Shanghai Hongjin Enterprise Management Partnership (Limited Partnership) (上海泓津企業管理合夥企業(有限

合夥)), Beijing Siwei Internet Fund Management Center (Limited Partnership) (北京四維互聯基金管理中心(有限合夥)), Shenzhen Futian District Shanchuang Small, Medium and Micro Equity Investment Fund Partnership (Limited Partnership) (深圳市福田區杉創中小微股權投資基金合夥企業(有限合夥)), Shanghai Moqin Intelligent Technology Co., Ltd. (上海摩勤智能技術有限公司), Shenzhen Kangchengheng Ruixiang Investment Partnership (Limited Partnership) (深圳市康成亨睿享投資合夥企業(有限合夥)), SME Development Fund (Shenzhen Nanshan Limited Partnership) (中小企業發展基金(深圳南山有限合夥)), Zhuhai Jiashi Shengqi Venture Capital Fund Partnership (Limited Partnership) (珠海嘉實盛啟創業投資基金合夥企業(有限合夥)), Zhuhai Jiashi Shengde Venture Capital Fund Partnership (Limited Partnership) (珠海嘉實盛德創業投資基金合夥企業(有限合夥)), Zhuhai Jiashi Shengxuan Venture Capital Fund Partnership (Limited Partnership) (珠海嘉實盛烜創業投資基金合夥企業(有限合夥)), Hangzhou Yuanjing Chuangheng Equity Investment Fund Partnership (Limited Partnership) (杭州圓璟創恒股權投資基金合夥企業(有限合夥)), Suzhou Yuanjing Equity Investment Partnership (Limited Partnership) (蘇州圓璟股權投資合夥企業(有限合夥)), Li Fan (李凡), Shenzhen Youjia Qingcheng Investment Partnership (Limited Partnership) (深圳佑駕清成投資合夥企業(有限合夥)), Shenzhen Youjia Zhongcheng Investment Partnership (Limited Partnership) (深圳佑駕眾成投資合夥企業(有限合夥)), Shenzhen Youjia Licheng Investment Partnership (Limited Partnership) (深圳佑駕礪成投資合夥企業(有限合夥)), Shenzhen Qianhe Wanhe Venture Capital Partnership (Limited Partnership) (深圳千賀萬禾創業投資合夥企業(有限合夥)), Qingdao CICC Alpha Intelligent Internet Industry Equity Investment Fund (Limited Partnership) (青島中金甲子智能互聯產業股權投資基金(有限合夥)), Xinzhifeng (Wuhan) Equity Investment Fund Partnership (Limited Partnership) (信之風(武漢)股權投資基金合夥企業(有限合夥)), Zhongjin (Changde) Emerging Industry Venture Capital Partnership (Limited Partnership) (中金(常德)新興產業創業投資合夥企業(有限合夥)), Liantong Zhongjin Innovation Industry Equity Investment Fund (Shenzhen) Partnership (Limited Partnership) (聯通中金創新產業股權投資基金(深圳)合夥企業(有限合夥)), Shenzhen Nanshan Dongfang Fuhai Small, Medium and Micro Venture Capital Fund Partnership (深圳南山東方富海中小微創業投資基金合夥企業(有限合夥)), Shenzhen Fuhai Youxuan No. 2 High-tech Venture Capital Partnership (Limited Partnership) (深圳市富海優選二號高科技創業投資合夥企業(有限合夥)), Chongqing Kexing Kechuang Equity Investment Fund Partnership (Limited Partnership) (重慶科興科創股權投資基金合夥企業(有限合夥)), Chongqing Shenghehui Enterprise Management Partnership (Limited Partnership) (重慶盛禾匯企業管理合夥企業(有限合夥)), Guokai Zhizao Transformation and Upgrading Fund (Limited Partnership) (國開製造業轉型升級基金(有限合夥)), Hubei Cathay Car Tech Equity Investment Fund Partnership L.P. (湖北凱輝長江汽車產業股權投資基金合夥企業(有限合夥)), Shanghai Jipei Xinsheng Management Consulting Partnership (Limited Partnership) (上海吉佩新盛管理諮詢合夥企業(有限合夥)), Sichuan Shenwan Hongyuan Changhong Equity Investment Fund Partnership (Limited Partnership) (四川申萬宏源長虹股權投資基金合夥企業(有限合夥)), Shenhong Huichuang Development (Foshan) Equity Investment Partnership (Limited Partnership) (申宏匯創發展(佛山)股權投資合夥企業(有限合夥)), Jinning

Economic Development Industry Strong Chain Equity Investment (Hubei) Partnership (Limited Partnership) (金寧經開產業強鏈股權投資(湖北)合夥企業(有限合夥)), Guangzhou Science and Technology Industry Investment Fund Partnership (Limited Partnership) (廣州科創產業投資基金合夥企業(有限合夥)), Guangzhou Kechuangzhihui No. 2 Venture Capital Partnership (Limited Partnership) (廣州科創智匯二號創業投資合夥企業(有限合夥)), Guangzhou Suikai Intelligent Manufacturing Equity Investment Partnership (Limited Partnership) (廣州穗開智造股權投資合夥企業(有限合夥)), Guangzhou Suikai Intelligent Manufacturing No. 2 Equity Investment Partnership (Limited Partnership) (廣州穗開智造貳號股權投資合夥企業(有限合夥)), Guangzhou Hehe Suikai Investment Partnership (Limited Partnership) (廣州和合穗開投資合夥企業(有限合夥)), Chaogaoqing Video Industry Investment Fund (Guangzhou) Partnership (Limited Partnership) (超高清視頻產業投資基金(廣州)合夥企業(有限合夥)), Suzhou Industrial Park Huazhi Xingrui Venture Capital Partnership (Limited Partnership) (蘇州工業園區華智興瑞創業投資合夥企業(有限合夥)), Shanghai Boyuan Hongcheng Venture Capital Partnership (Limited Partnership) (上海博原鴻成創業投資合夥企業(有限合夥)), Suzhou Xinjing Fuying Venture Capital Partnership (Limited Partnership) (蘇州新景富盈創業投資合夥企業(有限合夥)), Tongxiang Wuzhen Puhua Fengqi Venture Capital Partnership (Limited Partnership) (桐鄉烏鎮普華鳳棲創業投資合夥企業(有限合夥)), Jiangmen Kexi Zhongke Selected No. 4 Venture Capital Partnership (Limited Partnership) (江門珂璽中科特選四號創業投資合夥企業(有限合夥)), and Hangzhou Yuanjing Lechi Equity Investment Fund Partnership (Limited Partnership) (杭州圓景樂馳股權投資基金合夥企業(有限合夥)), to increase the registered capital of our Company;

(d) the shareholders' agreement dated November 17, 2023 entered into among our Company, Liu Guoqing (劉國清), Zhou Xiang (周翔), Yang Guang (楊廣), Wang Qicheng (王啟程), Wu Jianxin (吳建鑫), Yan Shengye (閆勝業), WU YONGMING, Shenzhen Zeyi Semiconductor Investment Partnership (Limited Partnership) (深圳澤奕半導體投資合夥企業(有限合夥)), Jinhua Puhua Tianqin Equity Investment Fund Partnership (Limited Partnership) (金華普華天勤股權投資基金合夥企業(有限合夥)), Hangzhou Binjiang Puhua Tianqing Equity Investment Partnership (Limited Partnership) (杭州濱江普華天晴股權投資合夥企業(有限合夥)), Shenzhen Hechuang Intelligent and Health Venture Capital Fund (Limited Partnership) (深圳市合創智能及健康創業投資基金(有限合夥)), Qingdao Xinda Pu Chuang Investment Center (Limited Partnership) (青島信達普創投資中心(有限合夥)), Shenzhen Jiaxin Yuande Equity Investment Fund Partnership (Limited Partnership) (深圳市嘉信元德股權投資基金合夥企業(有限合夥)), Shanghai Ganche Intelligent Technology Partnership (Limited Partnership) (上海淦澈智能科技合夥企業(有限合夥)), Harbin Xinrong Qihang Venture Capital Enterprise (Limited Partnership) (哈爾濱鑫榕啟航創業投資企業(有限合夥)), Zhejiang Huihong Industrial Investment Co., Ltd. (浙江暉竑產業投資有限公司), Hangzhou Fulin Venture Capital Partnership (Limited Partnership) (杭州復林創業投資合夥企業(有限合夥)), Shanghai Hongjin Enterprise Management Partnership (Limited Partnership) (上海泓津企業管理合夥企業(有限合夥)), Beijing Siwei Internet Fund Management Center (Limited Partnership) (北

京四維互聯基金管理中心(有限合夥)), Shenzhen Futian District Shanchuang Small, Medium and Micro Equity Investment Fund Partnership (Limited Partnership) (深圳市福田區杉創中小微股權投資基金合夥企業(有限合夥)), Shanghai Moqin Intelligent Technology Co., Ltd. (上海摩勤智能技術有限公司), Shenzhen Kangchengheng Ruixiang Investment Partnership (Limited Partnership) (深圳市康成亨睿享投資合夥企業(有限合夥)), SME Development Fund (Shenzhen Nanshan Limited Partnership) (中小企業發展基金(深圳南山有限合夥)), Zhuhai Jiashi Shengqi Venture Capital Fund Partnership (Limited Partnership) (珠海嘉實盛啟創業投資基金合夥企業(有限合夥)), Zhuhai Jiashi Shengde Venture Capital Fund Partnership (Limited Partnership) (珠海嘉實盛德創業投資基金合夥企業(有限合夥)), Zhuhai Jiashi Shengxuan Venture Capital Fund Partnership (Limited Partnership) (珠海嘉實盛烜創業投資基金合夥企業(有限合夥)), Hangzhou Yuanjing Chuangheng Equity Investment Fund Partnership (Limited Partnership) (杭州圓璟創恒股權投資基金合夥企業(有限合夥)), Suzhou Yuanjing Equity Investment Partnership (Limited Partnership) (蘇州圓璟股權投資合夥企業(有限合夥)), Li Fan (李凡), Shenzhen Youjia Qingcheng Investment Partnership (Limited Partnership) (深圳佑駕清成投資合夥企業(有限合夥)), Shenzhen Youjia Zhongcheng Investment Partnership (Limited Partnership) (深圳佑駕眾成投資合夥企業(有限合夥)), Shenzhen Youjia Licheng Investment Partnership (Limited Partnership) (深圳佑駕礪成投資合夥企業(有限合夥)), Shenzhen Qianhe Wanhe Venture Capital Partnership (Limited Partnership) (深圳千賀萬禾創業投資合夥企業(有限合夥)), Qingdao CICC Alpha Intelligent Internet Industry Equity Investment Fund (Limited Partnership) (青島中金甲子智能互聯產業股權投資基金(有限合夥)), Xinzhifeng (Wuhan) Equity Investment Fund Partnership (Limited Partnership) (信之風(武漢)股權投資基金合夥企業(有限合夥)), Zhongjin (Changde) Emerging Industry Venture Capital Partnership (Limited Partnership) (中金(常德)新興產業創業投資合夥企業(有限合夥)), Liantong Zhongjin Innovation Industry Equity Investment Fund (Shenzhen) Partnership (Limited Partnership) (聯通中金創新產業股權投資基金(深圳)合夥企業(有限合夥)), Shenzhen Nanshan Dongfang Fuhai Small, Medium and Micro Venture Capital Fund Partnership (深圳南山東方富海中小微創業投資基金合夥企業(有限合夥)), Shenzhen Fuhai Youxuan No. 2 High-tech Venture Capital Partnership (Limited Partnership) (深圳市富海優選二號高科技創業投資合夥企業(有限合夥)), Chongqing Kexing Kechuang Equity Investment Fund Partnership (Limited Partnership) (重慶科興科創股權投資基金合夥企業(有限合夥)), Chongqing Shenghehui Enterprise Management Partnership (Limited Partnership) (重慶盛禾匯企業管理合夥企業(有限合夥)), Guokai Zhizao Transformation and Upgrading Fund (Limited Partnership) (國開製造業轉型升級基金(有限合夥)), Hubei Cathay Car Tech Equity Investment Fund Partnership L.P. (湖北凱輝長江汽車產業股權投資基金合夥企業(有限合夥)), Shanghai Jipei Xinsheng Management Consulting Partnership (Limited Partnership) (上海吉佩新盛管理諮詢合夥企業(有限合夥)), Sichuan Shenwan Hongyuan Changhong Equity Investment Fund Partnership (Limited Partnership) (四川申萬宏源長虹股權投資基金合夥企業(有限合夥)), Shenhong Huichuang Development (Foshan) Equity Investment Partnership (Limited Partnership) (申宏匯創發展(佛山)股權投資合夥企業(有限合夥)), Jinning Economic Development Industry Strong Chain Equity Investment (Hubei)

Partnership (Limited Partnership) (金寧經開產業強鏈股權投資(湖北)合夥企業(有限合夥)), Guangzhou Science and Technology Industry Investment Fund Partnership (Limited Partnership) (廣州科創產業投資基金合夥企業(有限合夥)), Guangzhou Kechuangzhihui No. 2 Venture Capital Partnership (Limited Partnership) (廣州科創智匯二號創業投資合夥企業(有限合夥)), Guangzhou Suikai Intelligent Manufacturing Equity Investment Partnership (Limited Partnership) (廣州穗開智造股權投資合夥企業(有限合夥)), Guangzhou Suikai Intelligent Manufacturing No. 2 Equity Investment Partnership (Limited Partnership) (廣州穗開智造貳號股權投資合夥企業(有限合夥)), Guangzhou Hehe Suikai Investment Partnership (Limited Partnership) (廣州和合穗開投資合夥企業(有限合夥)), Chaogaoqing Video Industry Investment Fund (Guangzhou) Partnership (Limited Partnership) (超高清視頻產業投資基金(廣州)合夥企業(有限合夥)), Suzhou Industrial Park Huazhi Xingrui Venture Capital Partnership (Limited Partnership) (蘇州工業園區華智興瑞創業投資合夥企業(有限合夥)), Shanghai Boyuan Hongcheng Venture Capital Partnership (Limited Partnership) (上海博原鴻成創業投資合夥企業(有限合夥)), Suzhou Xinjing Fuying Venture Capital Partnership (Limited Partnership) (蘇州新景富盈創業投資合夥企業(有限合夥)), Tongxiang Wuzhen Puhua Fengqi Venture Capital Partnership (Limited Partnership) (桐鄉烏鎮普華鳳棲創業投資合夥企業(有限合夥)), Jiangmen Kexi Zhongke Selected No. 4 Venture Capital Partnership (Limited Partnership) (江門珂璽中科特選四號創業投資合夥企業(有限合夥)), and Hangzhou Yuanjing Lechi Equity Investment Fund Partnership (Limited Partnership) (杭州圓景樂馳股權投資基金合夥企業(有限合夥)), pursuant to which shareholders' rights were agreed among the aforementioned parties;

(e) the supplemental capital increase agreement dated May 13, 2024 entered into among our Company, Liu Guoqing (劉國清), Zhou Xiang (周翔), Yang Guang (楊廣), Wang Qicheng (王啟程), Wu Jianxin (吳建鑫), Yan Shengye (閆勝業), WU YONGMING, Shenzhen Zeyi Semiconductor Investment Partnership (Limited Partnership) (深圳澤奕半導體投資合夥企業(有限合夥)), Jinhua Puhua Tianqin Equity Investment Fund Partnership (Limited Partnership) (金華普華天勤股權投資基金合夥企業(有限合夥)), Hangzhou Binjiang Puhua Tianqing Equity Investment Partnership (Limited Partnership) (杭州濱江普華天晴股權投資合夥企業(有限合夥)), Shenzhen Hechuang Intelligent and Health Venture Capital Fund (Limited Partnership) (深圳市合創智能及健康創業投資基金(有限合夥)), Qingdao Xinda Pu Chuang Investment Center (Limited Partnership) (青島信達普創投資中心(有限合夥)), Shenzhen Jiaxin Yuande Equity Investment Fund Partnership (Limited Partnership) (深圳市嘉信元德股權投資基金合夥企業(有限合夥)), Shanghai Ganche Intelligent Technology Partnership (Limited Partnership) (上海淦澈智能科技合夥企業(有限合夥)), Harbin Xinrong Qihang Venture Capital Enterprise (Limited Partnership) (哈爾濱鑫榕啟航創業投資企業(有限合夥)), Zhejiang Huihong Industrial Investment Co., Ltd. (浙江暉竑產業投資有限公司), Hangzhou Fulin Venture Capital Partnership (Limited Partnership) (杭州復林創業投資合夥企業(有限合夥)), Shanghai Hongjin Enterprise Management Partnership (Limited Partnership) (上海泓津企業管理合夥企業(有限合夥)), Beijing Siwei Internet Fund Management Center (Limited Partnership) (北京四維互聯基金管理中心(有限合夥)), Shenzhen Futian District Shanchuang Small, Medium and Micro Equity Investment Fund Partnership (Limited Partnership) (深圳市福田區杉創中小微股權投資基金合夥企業(有限合夥)), Shanghai Moqin Intelligent Technology Co., Ltd. (上海摩勤智能技術有限公司), Shenzhen Kangchengheng Ruixiang Investment Partnership (Limited Partnership) (深圳市康成亨睿享投資合夥企業(有限合夥)), SME Development Fund (Shenzhen Nanshan Limited Partnership) (中小企業發展基金(深圳南山有限合夥)), Zhuhai Jiashi Shengqi Venture Capital Fund Partnership (Limited Partnership) (珠海嘉實盛啟創業投資基金合夥企業(有限合夥)), ZhuhaiJiashi Shengde Venture Capital Fund Partnership (Limited Partnership) (珠海嘉實盛德創業投資基金合夥企業(有限合夥)), Zhuhai Jiashi Shengxuan Venture Capital Fund Partnership (Limited Partnership) (珠海嘉實盛烜創業投資基金合夥企業(有限合夥)), Hangzhou Yuanjing Chuangheng Equity Investment Fund Partnership (Limited Partnership) (杭州圓璟創恒股權投資基金合夥企業(有限合夥)), Suzhou Yuanjing Equity Investment Partnership (Limited Partnership) (蘇州圓璟股權投資合夥企業(有限合夥)), Li Fan (李凡), Shenzhen Youjia Qingcheng Investment Partnership (Limited Partnership) (深圳佑駕清成投資合夥企業(有限合夥)), Shenzhen Youjia Zhongcheng Investment Partnership (Limited Partnership) (深圳佑駕眾成投資合夥企業(有限合夥)), Shenzhen Youjia Licheng Investment Partnership (Limited Partnership) (深圳佑駕礪成投資合夥企業(有限合夥)), Shenzhen Qianhe Wanhe Venture Capital Partnership (Limited Partnership) (深圳千賀萬禾創業投資合夥企業(有限合夥)), Qingdao CICC Alpha Intelligent Internet Industry Equity Investment Fund (Limited Partnership) (青島中金甲子智能互聯產業股權投資基金(有限合夥)), Xinzhifeng (Wuhan) Equity Investment Fund Partnership (Limited Partnership) (信之風(武漢)股權投資基金合夥企業(有限合夥)), Zhongjin (Changde) Emerging Industry Venture Capital Partnership (Limited Partnership) (中金(常德)新興產業創業投資合夥企業(有限合夥)), Liantong Zhongjin Innovation Industry Equity Investment Fund (Shenzhen) Partnership (Limited Partnership) (聯通中金創新產業股權投資基金(深圳)合夥企業(有限合夥)), Shenzhen Nanshan Dongfang Fuhai Small, Medium and Micro Venture Capital Fund Partnership (深圳南山東方富海中小微創業投資基金合夥企業(有限合夥)), Shenzhen Fuhai Youxuan No. 2 Hightech Venture Capital Partnership (Limited Partnership) (深圳市富海優選二號高科技創業投資合夥企業(有限合夥)), Chongqing Kexing Kechuang Equity Investment Fund Partnership (Limited Partnership) (重慶科興科創股權投資基金合夥企業(有限合夥)), Chongqing Shenghehui Enterprise Management Partnership (Limited Partnership) (重慶盛禾匯企業管理合夥企業(有限合夥)), Guokai Zhizao Transformation and Upgrading Fund (Limited Partnership) (國開製造業轉型升級基金(有限合夥)), Hubei Cathay Car Tech Equity Investment Fund Partnership L.P. (湖北凱輝長江汽車產業股權投資基金合夥企業(有限合夥)), Shanghai Jipei Xinsheng Management Consulting Partnership (Limited Partnership) (上海吉佩新盛管理諮詢合夥企業(有限合夥)), Sichuan Shenwan Hongyuan Changhong Equity Investment Fund Partnership (Limited Partnership) (四川申萬宏源長虹股權投資基金合夥企業(有限合夥)), Shenhong Huichuang Development (Foshan) Equity Investment Partnership (Limited Partnership) (申宏匯創發展(佛山)股權投資合夥企業(有限合夥)), Jinning Economic Development Industry Strong Chain Equity Investment (Hubei) Partnership (Limited Partnership) (金寧經開產業強鏈股權投資(湖北)合夥企業(有

限合夥)), Guangzhou Science and Technology Industry Investment Fund Partnership (Limited Partnership) (廣州科創產業投資基金合夥企業(有限合夥)), Guangzhou Kechuangzhihui No. 2 Venture Capital Partnership (Limited Partnership) (廣州科創智匯二號創業投資合夥企業(有限合夥)), Guangzhou Suikai Intelligent Manufacturing Equity Investment Partnership (Limited Partnership) (廣州穗開智造股權投資合夥企業(有限合夥)), Guangzhou Suikai Intelligent Manufacturing No. 2 Equity Investment Partnership (Limited Partnership) (廣州穗開智造貳號股權投資合夥企業(有限合夥)), Guangzhou Hehe Suikai Investment Partnership (Limited Partnership) (廣州和合穗開投資合夥企業(有限合夥)), Chaogaoqing Video Industry Investment Fund (Guangzhou) Partnership (Limited Partnership) (超高清視頻產業投資基金(廣州)合夥企業(有限合夥)), Suzhou Industrial Park Huazhi Xingrui Venture Capital Partnership (Limited Partnership) (蘇州工業園區華智興瑞創業投資合夥企業(有限合夥)), Shanghai Boyuan Hongcheng Venture Capital Partnership (Limited Partnership) (上海博原鴻成創業投資合夥企業(有限合夥)), Suzhou Xinjing Fuying Venture Capital Partnership (Limited Partnership) (蘇州新景富盈創業投資合夥企業(有限合夥)), Tongxiang Wuzhen Puhua Fengqi Venture Capital Partnership (Limited Partnership) (桐鄉烏鎮普華鳳棲創業投資合夥企業(有限合夥)), Jiangmen Kexi Zhongke Selected No. 4 Venture Capital Partnership (Limited Partnership) (江門珂璽中科特選四號創業投資合夥企業(有限合夥)), and Hangzhou Yuanjing Lechi Equity Investment Fund Partnership (Limited Partnership) (杭州圓景樂馳股權投資基金合夥企業(有限合夥)), pursuant to which certain terms to the capital increase agreement dated November 17, 2023 were agreed to be revised;

(f) the supplemental shareholders' agreement dated May 13, 2024 entered into among our Company, Liu Guoqing (劉國清), Zhou Xiang (周翔), Yang Guang (楊廣), Wang Qicheng (王啟程), Wu Jianxin (吳建鑫), Yan Shengye (閆勝業), WU YONGMING, Shenzhen Zeyi Semiconductor Investment Partnership (Limited Partnership) (深圳澤奕半導體投資合夥企業(有限合夥)), Jinhua Puhua Tianqin Equity Investment Fund Partnership (Limited Partnership) (金華普華天勤股權投資基金合夥企業(有限合夥)), Hangzhou Binjiang Puhua Tianqing Equity Investment Partnership (Limited Partnership) (杭州濱江普華天晴股權投資合夥企業(有限合夥)), Shenzhen Hechuang Intelligent and Health Venture Capital Fund (Limited Partnership) (深圳市合創智能及健康創業投資基金(有限合夥)), Qingdao Xinda Pu Chuang Investment Center (Limited Partnership) (青島信達普創投資中心(有限合夥)), Shenzhen Jiaxin Yuande Equity Investment Fund Partnership (Limited Partnership) (深圳市嘉信元德股權投資基金合夥企業(有限合夥)), Shanghai Ganche Intelligent Technology Partnership (Limited Partnership) (上海淦澈智能科技合夥企業(有限合夥)), Harbin Xinrong Qihang Venture Capital Enterprise (Limited Partnership) (哈爾濱鑫榕啟航創業投資企業(有限合夥)), Zhejiang Huihong Industrial Investment Co., Ltd. (浙江暉竑產業投資有限公司), Hangzhou Fulin Venture Capital Partnership (Limited Partnership) (杭州復林創業投資合夥企業(有限合夥)), Shanghai Hongjin Enterprise Management Partnership (Limited Partnership) (上海泓津企業管理合夥企業(有限合夥)), Beijing Siwei Internet Fund Management Center (Limited Partnership) (北京四維互聯基金管理中心(有限合夥)), Shenzhen Futian District Shanchuang Small, Medium and Micro Equity Investment Fund Partnership (Limited Partnership) (深圳

市福田區杉創中小微股權投資基金合夥企業(有限合夥)), Shanghai Moqin Intelligent Technology Co., Ltd. (上海摩勤智能技術有限公司), Shenzhen Kangchengheng Ruixiang Investment Partnership (Limited Partnership) (深圳市康成亨睿享投資合夥企業(有限合夥)), SME Development Fund (Shenzhen Nanshan Limited Partnership) (中小企業發展基金(深圳南山有限合夥)), Zhuhai Jiashi Shengqi Venture Capital Fund Partnership (Limited Partnership) (珠海嘉實盛啟創業投資基金合夥企業(有限合夥)), ZhuhaiJiashi Shengde Venture Capital Fund Partnership (Limited Partnership) (珠海嘉實盛德創業投資基金合夥企業(有限合夥)), Zhuhai Jiashi Shengxuan Venture Capital Fund Partnership (Limited Partnership) (珠海嘉實盛烜創業投資基金合夥企業(有限合夥)), Hangzhou Yuanjing Chuangheng Equity Investment Fund Partnership (Limited Partnership) (杭州圓璟創恒股權投資基金合夥企業(有限合夥)), Suzhou Yuanjing Equity Investment Partnership (Limited Partnership) (蘇州圓璟股權投資合夥企業(有限合夥)), Li Fan (李凡), Shenzhen Youjia Qingcheng Investment Partnership (Limited Partnership) (深圳佑駕清成投資合夥企業(有限合夥)), Shenzhen Youjia Zhongcheng Investment Partnership (Limited Partnership) (深圳佑駕眾成投資合夥企業(有限合夥)), Shenzhen Youjia Licheng Investment Partnership (Limited Partnership) (深圳佑駕礪成投資合夥企業(有限合夥)), Shenzhen Qianhe Wanhe Venture Capital Partnership (Limited Partnership) (深圳千賀萬禾創業投資合夥企業(有限合夥)), Qingdao CICC Alpha Intelligent Internet Industry Equity Investment Fund (Limited Partnership) (青島中金甲子智能互聯產業股權投資基金(有限合夥)), Xinzhifeng (Wuhan) Equity Investment Fund Partnership (Limited Partnership) (信之風(武漢)股權投資基金合夥企業(有限合夥)), Zhongjin (Changde) Emerging Industry Venture Capital Partnership (Limited Partnership) (中金(常德)新興產業創業投資合夥企業(有限合夥)), Liantong Zhongjin Innovation Industry Equity Investment Fund (Shenzhen) Partnership (Limited Partnership) (聯通中金創新產業股權投資基金(深圳)合夥企業(有限合夥)), Shenzhen Nanshan Dongfang Fuhai Small, Medium and Micro Venture Capital Fund Partnership (深圳南山東方富海中小微創業投資基金合夥企業(有限合夥)), Shenzhen Fuhai Youxuan No. 2 Hightech Venture Capital Partnership (Limited Partnership) (深圳市富海優選二號高科技創業投資合夥企業(有限合夥)), Chongqing Kexing Kechuang Equity Investment Fund Partnership (Limited Partnership) (重慶科興科創股權投資基金合夥企業(有限合夥)), Chongqing Shenghehui Enterprise Management Partnership (Limited Partnership) (重慶盛禾匯企業管理合夥企業(有限合夥)), Guokai Zhizao Transformation and Upgrading Fund (Limited Partnership) (國開製造業轉型升級基金(有限合夥)), Hubei Cathay Car Tech Equity Investment Fund Partnership L.P. (湖北凱輝長江汽車產業股權投資基金合夥企業(有限合夥)), Shanghai Jipei Xinsheng Management Consulting Partnership (Limited Partnership) (上海吉佩新盛管理諮詢合夥企業(有限合夥)), Sichuan Shenwan Hongyuan Changhong Equity Investment Fund Partnership (Limited Partnership) (四川申萬宏源長虹股權投資基金合夥企業(有限合夥)), Shenhong Huichuang Development (Foshan) Equity Investment Partnership (Limited Partnership) (申宏匯創發展(佛山)股權投資合夥企業(有限合夥)), Jinning Economic Development Industry Strong Chain Equity Investment (Hubei) Partnership (Limited Partnership) (金寧經開產業強鏈股權投資(湖北)合夥企業(有限合夥)), Guangzhou Science and Technology Industry Investment Fund Partnership

(Limited Partnership) (廣州科創產業投資基金合夥企業(有限合夥)), Guangzhou Kechuangzhihui No. 2 Venture Capital Partnership (Limited Partnership) (廣州科創智匯二號創業投資合夥企業(有限合夥)), Guangzhou Suikai Intelligent Manufacturing Equity Investment Partnership (Limited Partnership) (廣州穗開智造股權投資合夥企業(有限合夥)), Guangzhou Suikai Intelligent Manufacturing No. 2 Equity Investment Partnership (Limited Partnership) (廣州穗開智造貳號股權投資合夥企業(有限合夥)), Guangzhou Hehe Suikai Investment Partnership (Limited Partnership) (廣州和合穗開投資合夥企業(有限合夥)), Chaogaoqing Video Industry Investment Fund (Guangzhou) Partnership (Limited Partnership) (超高清視頻產業投資基金(廣州)合夥企業(有限合夥)), Suzhou Industrial Park Huazhi Xingrui Venture Capital Partnership (Limited Partnership) (蘇州工業園區華智興瑞創業投資合夥企業(有限合夥)), Shanghai Boyuan Hongcheng Venture Capital Partnership (Limited Partnership) (上海博原鴻成創業投資合夥企業(有限合夥)), Suzhou Xinjing Fuying Venture Capital Partnership (Limited Partnership) (蘇州新景富盈創業投資合夥企業(有限合夥)), Tongxiang Wuzhen Puhua Fengqi Venture Capital Partnership (Limited Partnership) (桐鄉烏鎮普華鳳棲創業投資合夥企業(有限合夥)), Jiangmen Kexi Zhongke Selected No. 4 Venture Capital Partnership (Limited Partnership) (江門珂璽中科特選四號創業投資合夥企業(有限合夥)), and Hangzhou Yuanjing Lechi Equity Investment Fund Partnership (Limited Partnership) (杭州圓景樂馳股權投資基金合夥企業(有限合夥)), pursuant to which certain terms to the shareholders agreement dated November 17, 2023 were agreed to be revised;

(g) the cornerstone investment agreement dated December 13, 2024 entered into among our Company, Horizon Together Holding Ltd., CITIC Securities (Hong Kong) Limited, CLSA Limited, China International Capital Corporation Hong Kong Securities Limited, SBI China Capital Financial Services Limited, SDICS International Securities (Hong Kong) Limited and Long Bridge HK Limited, pursuant to which Horizon Together Holding Ltd. agreed to subscribe for such number of H Shares at the Offer Price in an aggregate of such amount of Hong Kong dollar equivalent of USD1,500,000 (excluding brokerage fee, the SFC transaction levy, the Stock Exchange trading fee and the AFRC transaction levy in respect of such number of H Shares);

(h) the cornerstone investment agreement dated December 13, 2024 entered into among our Company, KCH International Investment Limited, Tianjin Kangchengheng Enterprise Management Consultation Partnership (Limited Partnership) (天津市康成亨企業管理諮詢合夥企業(有限合夥)), CITIC Securities (Hong Kong) Limited, CLSA Limited, China International Capital Corporation Hong Kong Securities Limited, SBI China Capital Financial Services Limited, SDICS International Securities (Hong Kong) Limited and Long Bridge HK Limited, pursuant to which KCH International Investment Limited agreed to subscribe for such number of H Shares at the Offer Price in an aggregate of such amount of HKD528,580,636 (excluding brokerage fee, the SFC transaction levy, the Stock Exchange trading fee and the AFRC transaction levy in respect of such number of H Shares); and

(i) the Hong Kong Underwriting Agreement.

## 2. Intellectual Property Rights

### *(a) Trademarks*

*(i) Registered 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 | Place of Registration | Registered Owner | Class | Registered Number | Expiry Date (yyyy/mm/dd) |
|---|---|---|---|---|---|---|
| 1. | MINIEYE | PRC | Our Company | 9 | 53044407 | 2031/12/13 |
| 2. | MINIEYE | PRC | Our Company | 9 | 46989364 | 2031/12/13 |
| 3. | MINIEYE | PRC | Our Company | 9 | 41406982 | 2030/10/06 |
| 4. | MINIEYE | PRC | Our Company | 9 | 41399727 | 2030/09/06 |
| 5. | MINIEYE | PRC | Our Company | 9 | 19623819 | 2027/05/27 |
| 6. | MINIEYE | PRC | Our Company | 9 | 16281972 | 2027/02/20 |
| 7. | 佑驾 | PRC | Our Company | 42 | 63689363 | 2034/02/27 |
| 8. | 佑驾 | PRC | Our Company | 12 | 63694158 | 2034/02/27 |
| 9. | 佑驾 | PRC | Our Company | 38 | 63679606 | 2034/02/27 |
| 10. | MINIEYE | Hong Kong | Our Company | 9 | 306519385 | 2034/04/06 |

***(b) Copyrights***

In accordance with the Copyright Law of the People's Republic of China (中華人民共和國著作權法), the term of copyright owned by legal entities or other organizations is 50 years, expiring on December 31 in the 50th year after its first publication. For copyrights that have not been published within 50 years of registration, the term expires on the 50th anniversary of the date of registration.

As of the Latest Practicable Date, we had registered the following copyrights which we consider to be or may be material to our business:

| No. | Copyright | Place of Registration | Registered Owner | Registration Number | Registration Date (yyyy/mm/dd) | Date of First Publication (yyyy/mm/dd) |
|---|---|---|---|---|---|---|
| 1. | MINIEYE data management platform software (MINIEYE 數據管理平台客戶端軟件) | PRC | Our Company | 2024SR0471000 | 2024/04/08 | / |
| 2. | MINIEYE intelligent driver assistance system (MINIEYE智能輔助駕駛系統) | PRC | Our Company | 2024SR0213697 | 2024/02/01 | 2023/11/30 |
| 3. | Youqu L4 data management software (佑覷L4數據管理軟件) | PRC | Shanghai Youqu | 2023SR0531773 | 2023/05/10 | / |
| 4. | Youqu pure vision BEV object detection visualization software (佑覷純視覺BEV目標檢測可視化軟件) | PRC | Shanghai Youqu | 2023SR0531783 | 2023/05/10 | / |
| 5. | Multi-sensor fusion positioning system software (多傳感器融合定位系統軟件) | PRC | Shanghai Youqu | 2023SR0410791 | 2023/03/29 | / |
| 6. | Autonomous driving lidar to camera external parameter calibration software (自動駕駛lidar到camera外參標定軟件) | PRC | Our Company | 2023SR0342679 | 2023/03/16 | / |
| 7. | Yuanshi road inspection software (源駛道路巡檢軟件) | PRC | Jiangsu Yuanshi | 2023SR0344571 | 2023/03/16 | / |
| 8. | Yuanshi parking space inspection software (源駛車位巡檢軟件) | PRC | Jiangsu Yuanshi | 2023SR0344570 | 2023/03/16 | / |

| No. | Copyright | Place of Registration | Registered Owner | Registration Number | Registration Date (yyyy/mm/dd) | Date of First Publication (yyyy/mm/dd) |
|---|---|---|---|---|---|---|
| 9. | Yuanshi driving parking information management system (源馳停車信息管理系統) | PRC | Jiangsu Yuanshi | 2023SR0344569 | 2023/03/16 | / |
| 10. | 360-degree surround view system for vehicle (車載環視360系統) | PRC | Our Company | 2023SR0319066 | 2023/03/13 | / |
| 11. | Multi-object matching software in a pair of camera images in a cross-view (交叉視角下的一對攝像頭圖像內多目標匹配軟件) | PRC | Hunan Youxiang | 2023SR0265946 | 2023/02/21 | / |
| 12. | Selection and generation software for planning initial reference lines based on high-precision maps and strong positioning (基於高精地圖與強定位的規劃初始參考線的選取與生成軟件) | PRC | Hunan Youxiang | 2023SR0250483 | 2023/02/16 | / |
| 13. | Youjia data cleaning tool chain software (佑駕真值系統數據清洗工具鏈軟件) | PRC | Hunan Youxiang | 2023SR0228722 | 2023/02/13 | 2022/12/03 |
| 14. | Lane centering software (車道居中功能軟件) | PRC | Our Company | 2022SR0953381 | 2022/07/20 | / |
| 15. | MINIEYE cruise visualization software (MINIEYE巡航可視化軟件) | PRC | Our Company | 2022SR0744769 | 2022/06/13 | / |
| 16. | On-the-job status monitoring platform for the driver in the cabin (艙內駕駛員在崗狀態監測平台) | PRC | Our Company | 2022SR0744650 | 2022/06/13 | / |
| 17. | MINIEYE data cloud platform storage encryption management software (MINIEYE數據雲平台存儲加密管理軟件) | PRC | Our Company | 2022SR0744770 | 2022/06/13 | / |

| No. | Copyright | Place of Registration | Registered Owner | Registration Number | Registration Date (yyyy/mm/dd) | Date of First Publication (yyyy/mm/dd) |
|---|---|---|---|---|---|---|
| 18. | Cabin pilot drinking water status monitoring platform (艙內駕駛員飲水狀態監測平台) | PRC | Our Company | 2022SR0744771 | 2022/06/13 | / |
| 19. | Driver-on-mask status monitoring platform in the cabin (艙內駕駛員佩戴口罩狀態監測平台) | PRC | Our Company | 2022SR0744819 | 2022/06/13 | / |
| 20. | MINIEYE intelligent blind spot monitoring and early warning system for truck turning (MINIEYE貨車轉彎智能盲區監測預警系統) | PRC | Our Company | 2022SR0732352 | 2022/06/10 | 2021/12/24 |
| 21. | MINIEYE's radar and machine vision-based obstacle detection system in front of the vehicle (MINIEYE基於雷達和機器視覺的車輛前方障礙物檢測系統) | PRC | Our Company | 2022SR0736855 | 2022/06/10 | 2022/01/18 |
| 22. | Smoking status monitoring platform for the driver in the cabin (艙內駕駛員抽煙狀態監測平台) | PRC | Ruijian Zhixing | 2024SR0715901 | 2024/05/27 | / |
| 23. | MINIEYE vehicle visual wireless positioning and ranging system (MINIEYE車輛視覺無線定位與測距系統) | PRC | Our Company | 2022SR0729957 | 2022/06/10 | 2022/01/08 |
| 24. | MINIEYE Heavy-duty Truck Exterior Blind Spot Monitoring System (MINIEYE重卡貨車車外盲區監測系統) | PRC | Our Company | 2022SR0736856 | 2022/06/10 | 2021/12/09 |
| 25. | The driver's head facing in the cabin detection platform (艙內駕駛員頭部朝向檢測平台) | PRC | Ruijian Zhixing | 2024SR0715895 | 2024/05/27 | / |
| 26. | In-cabin driver phone call behavior monitoring platform (艙內駕駛員打電話行為監測平台) | PRC | Ruijian Zhixing | 2024SR0715900 | 2024/05/27 | / |

| No. | Copyright | Place of Registration | Registered Owner | Registration Number | Registration Date (yyyy/mm/dd) | Date of First Publication (yyyy/mm/dd) |
|---|---|---|---|---|---|---|
| 27. | Static gesture recognition platform in the cabin (艙內靜態手勢識別平台) | PRC | Ruijian Zhixing | 2024SR0715906 | 2024/05/27 | / |
| 28. | In-cabin driver fatigue grading system (艙內駕駛員疲勞分級系統) | PRC | Ruijian Zhixing | 2024SR0715899 | 2024/05/27 | / |
| 29. | MINIEYE database integrated management software (MINIEYE數據庫綜合管理軟件) | PRC | Our Company | 2022SR0701742 | 2022/06/06 | / |
| 30. | Cabin driver seat belt wearing status monitoring platform (艙內駕駛員安全帶佩戴狀態監測平台) | PRC | Ruijian Zhixing | 2024SR0715902 | 2024/05/27 | / |
| 31. | MINIEYE gesture recognition control software (MINIEYE手勢識別控制軟件) | PRC | Ruijian Zhixing | 2024SR0715905 | 2024/05/27 | / |
| 32. | MINIEYE hardware BOM automatic generation tool software (MINIEYE 硬件BOM自動化生成工具軟件) | PRC | Our Company | 2022SR0647307 | 2022/05/26 | 2021/08/12 |
| 33. | MINIEYE hardware design automation inspection tool software (MINIEYE硬件設計自動化檢查工具軟件) | PRC | Our Company | 2022SR0647312 | 2022/05/26 | 2021/08/28 |
| 34. | MINIEYE data visualization software (MINIEYE數據可視化軟件) | PRC | Our Company | 2022SR0546033 | 2022/04/28 | / |
| 35. | Youjia minidnn deep neural network inference software (佑駕minidnn深度神經網絡推理軟件) | PRC | Our Company | 2022SR0539690 | 2022/04/28 | / |
| 36. | Youjia minicv computer vision software (佑駕minicv計算機視覺軟件) | PRC | Our Company | 2022SR0539692 | 2022/04/28 | / |

| No. | Copyright | Place of Registration | Registered Owner | Registration Number | Registration Date (yyyy/mm/dd) | Date of First Publication (yyyy/mm/dd) |
|---|---|---|---|---|---|---|
| 37. | Autonomous driving perception data cleaning and HIL simulation system (自動駕駛感知數據清洗及HIL仿真系統) | PRC | Our Company | 2022SR0542928 | 2022/04/28 | / |
| 38. | Youjia T1 platform OTA upgrade software (佑駕T1平台OTA升級軟件) | PRC | Our Company | 2022SR0542922 | 2022/04/28 | / |
| 39. | Youjia intelligent transportation monitoring and management platform (佑駕智能運輸監控管理平台) | PRC | Nanjing Youjia | 2022SR0492213 | 2022/04/20 | / |
| 40. | Target ranging system for underground parking lots (地下停車場目標測距系統) | PRC | Nanjing Youjia | 2021SR1761927 | 2021/11/17 | / |
| 41. | Intelligent Automobile (智能汽車) | PRC | Our Company | Guozuo Dengzi (國作登字) -2021-F-00156293 | 2021/07/12 | / |
| 42. | Driver seatbelt detection software (駕駛員安全帶檢測軟件) | PRC | Nanjing Youjia | 2019SR1353602 | 2019/12/12 | / |
| 43. | In-cabin human movement recognition software (艙內人體動作識別軟件) | PRC | Nanjing Youjia | 2019SR1325452 | 2019/12/10 | / |
| 44. | In-cabin attitude estimation software (艙內姿態估計軟件) | PRC | Nanjing Youjia | 2019SR1326357 | 2019/12/10 | / |
| 45. | Smart High Beam Control Software (智能遠光燈控制軟件) | PRC | Nanjing Youjia | 2019SR1325460 | 2019/12/10 | / |
| 46. | Hands off the steering wheel detection software (雙手脱離方向盤檢測軟件) | PRC | Nanjing Youjia | 2019SR1311047 | 2019/12/09 | / |
| 47. | Youjia T1Q platform driving and parking switch management software (佑駕T1Q平台行泊切換管理軟件) | PRC | Our Company | 2023SR0689311 | 2023/06/19 | 2022/10/30 |

| No. | Copyright | Place of Registration | Registered Owner | Registration Number | Registration Date (yyyy/mm/dd) | Date of First Publication (yyyy/mm/dd) |
|---|---|---|---|---|---|---|
| 48. | Pedestrian collision avoidance system (行人防撞系統) | PRC | Our Company | 2017SR340583 | 2017/07/04 | / |
| 49. | Lane keeping system (車道保持系統) | PRC | Our Company | 2017SR340560 | 2017/07/04 | / |
| 50. | AEB automatic emergency braking system (AEB自動緊急剎車系統) | PRC | Our Company | 2017SR342653 | 2017/07/04 | 2016/12/20 |
| 51. | Forward collision warning system (前車碰撞預警系統) | PRC | Our Company | 2017SR342655 | 2017/07/04 | 2015/08/20 |
| 52. | Traffic Sign Recognition System (交通標誌識別系統) | PRC | Our Company | 2017SR324666 | 2017/06/29 | / |
| 53. | Intelligent Automobile illustration (智能汽車插畫) | PRC | Our Company | 2024-F-00151885 | 2024/06/03 | 2024/05/20 |

### *(d) Patents*

According to the Patent Law of the People's Republic of China (中華人民共和國專利法), the validity period of an invention patent is twenty years, the validity period of a utility model patent is ten years, the validity period of a design patent applied for before May 31, 2021 (inclusive) is ten years, and the validity period of a design patent applied for on or after June 1, 2021 (inclusive) is fifteen years. All periods are calculated from the date of application.

As of the Latest Practicable Date, we have registered the following patents which we considered to be or may be material to our business:

| No. | Patent Name | Place of Registration | Patent Type | Patentee | Patent number | Application Date (yyyy/mm/dd) |
|---|---|---|---|---|---|---|
| 1. | A method and system for generating temporal action nomination based on coarse time granularity (一種基於粗時間粒度的時序動作提名生成方法及系統) | PRC | Invention grant | Jiangsu Yuanshi | 2023115885897 | 2023/11/27 |

| No. | Patent Name | Place of Registration | Patent Type | Patentee | Patent number | Application Date (yyyy/mm/dd) |
|---|---|---|---|---|---|---|
| 2. | A method and system for generating sequential action nominations based on multi-location collaboration (一種基於多位置協作的時序動作提名生成方法及系統) | PRC | Invention grant | Jiangsu Yuanshi | 2023114651454 | 2023/11/07 |
| 3. | A collaborative saliency detection method and system fused with image saliency information (一種融合圖像顯著性信息的協同顯著性檢測方法及系統) | PRC | Invention grant | Jiangsu Yuanshi | 2023112549127 | 2023/09/27 |
| 4. | A lightweight human pose estimation algorithm based on structure-heavy parameterization (一種基於結構重參數化的輕量級人體姿態估計算法) | PRC | Invention grant | Jiangsu Yuanshi | 2023110632134 | 2023/08/23 |
| 5. | A three-dimensional object detection method and system based on virtual point cloud (一種基於虛擬點雲的三維目標檢測方法和系統) | PRC | Invention grant | Jiangsu Yuanshi | 2023110496394 | 2023/08/21 |

| No. | Patent Name | Place of Registration | Patent Type | Patentee | Patent number | Application Date (yyyy/mm/dd) |
|---|---|---|---|---|---|---|
| 6. | Object detection model training method, object detection method and device for road information (道路信息的目標檢測模型訓練方法、目標檢測方法及裝置) | PRC | Invention grant | Our Company | 2023104367038 | 2023/04/23 |
| 7. | A 3D target tracking method and device (一種3D目標跟蹤方法及裝置) | PRC | Invention grant | Our Company | 2023104297961 | 2023/04/21 |
| 8. | Method and device for evaluating the accuracy of calibration of lidar and camera external parameters (激光雷達與相機外參標定精度評定方法及裝置) | PRC | Invention grant | Hunan Youxiang | 2023104371315 | 2023/04/21 |
| 9. | A method and device for establishing a 3D target matching model (一種3D目標匹配模型建立方法及裝置) | PRC | Invention grant | Our Company | 2023104182046 | 2023/04/19 |
| 10. | Control method, device, vehicle and storage medium of vehicle (車輛的控制方法、裝置、車輛和存儲介質) | PRC | Invention grant | Our Company | 2023104177033 | 2023/04/19 |

| No. | Patent Name | Place of Registration | Patent Type | Patentee | Patent number | Application Date (yyyy/mm/dd) |
|---|---|---|---|---|---|---|
| 11. | A brake pedal reset mechanism, a brake pedal assembly and a vehicle (一種制動踏板複位機構、制動踏板總成及車輛) | PRC | Invention grant | Shanghai Youxing | 2023104103769 | 2023/04/17 |
| 12. | Target perception methods, devices, computer equipment, and storage media (目標感知方法、裝置、計算機設備、存儲介質) | PRC | Invention grant | Our Company | 2023102958601 | 2023/03/24 |
| 13. | Camera external parameter calibration method, device and vehicle (相機外參標定方法、裝置和車輛) | PRC | Invention grant | Our Company | 2023102876828 | 2023/03/23 |
| 14. | Target detection methods, devices, and vehicles (目標檢測方法、裝置以及車輛) | PRC | Invention grant | Our Company | 2023102901726 | 2023/03/23 |
| 15. | Torque compensation method, device, computer equipment, medium for steering wheel dead zone (方向盤死區的扭矩補償方法、裝置、計算機設備、介質) | PRC | Invention grant | Our Company | 2023102781832 | 2023/03/21 |
| 16. | 3D image data generation method, apparatus, apparatus and storage medium (3D圖像數據的生成方法、裝置、設備及存儲介質) | PRC | Invention grant | Our Company | 2023102147584 | 2023/03/08 |

| No. | Patent Name | Place of Registration | Patent Type | Patentee | Patent number | Application Date (yyyy/mm/dd) |
|---|---|---|---|---|---|---|
| 17. | A TJA guide line generation method and device based on multi-factor mixing (一種基於多因素混合的TJA引導線生成方法及裝置) | PRC | Invention grant | Shanghai Youqu | 2023102245055 | 2023/03/07 |
| 18. | Training method of pedestrian detection model and device thereof, pedestrian detection method (行人檢測模型的訓練方法及其裝置、行人檢測方法) | PRC | Invention grant | Our Company | 202310166416X | 2023/02/27 |
| 19. | 3D point cloud generation method, device, equipment and medium based on simulation data (基於仿真數據的3D點雲生成方法、裝置、設備及介質) | PRC | Invention grant | Our Company | 2023101540453 | 2023/02/23 |
| 20. | Vehicle trajectory collision detection method, device, equipment and storage medium (車輛軌跡碰撞檢測方法、裝置、設備及存儲介質) | PRC | Invention grant | Our Company | 2023101540434 | 2023/02/23 |
| 21. | Joint calibration method of camera and inertial measurement unit relative to vehicle body mounting attitude (相機和慣性測量單元相對車體安裝姿態的聯合標定方法) | PRC | Invention grant | Our Company | 2023101202781 | 2023/02/16 |

| No. | Patent Name | Place of Registration | Patent Type | Patentee | Patent number | Application Date (yyyy/mm/dd) |
|---|---|---|---|---|---|---|
| 22. | A multi-camera fusion perception method and device from a bird's-eye view perspective (一種鳥瞰圖視角下多攝像機融合感知方法及裝置) | PRC | Invention grant | Our Company | 2023100775837 | 2023/02/08 |
| 23. | Fusion method of image and multi-frame millimeter-wave radar target based on image features (基於圖像特徵的圖像和多幀毫米波雷達目標的融合方法) | PRC | Invention grant | Our Company | 2023100775841 | 2023/02/08 |
| 24. | A matching method for image and single-frame millimeter-wave radar targets based on image features (基於圖像特徵的圖像和單幀毫米波雷達目標的匹配方法) | PRC | Invention grant | Our Company | 2023100511364 | 2023/02/02 |
| 25. | A target matching method, device and storage medium for surround-view camera group (一種環視攝像頭組的目標匹配方法、裝置及存儲介質) | PRC | Invention grant | Our Company | 2022116610562 | 2022/12/23 |
| 26. | Matching method, device, equipment and storage medium of image target and radar target (圖像目標與雷達目標的匹配方法、裝置、設備及存儲介質) | PRC | Invention grant | Our Company | 2022116605723 | 2022/12/23 |

| No. | Patent Name | Place of Registration | Patent Type | Patentee | Patent number | Application Date (yyyy/mm/dd) |
|---|---|---|---|---|---|---|
| 27. | A modular hardware system for autonomous driving (一種模塊化自動駕駛硬件系統) | PRC | Invention grant | Our Company | 2022115924100 | 2022/12/13 |
| 28. | A rapid collision hazard detection method for VRU traversal scenarios (一種針對VRU穿行場景的碰撞危險度快速檢測方法) | PRC | Invention grant | Our Company | 2022101405601 | 2022/02/16 |
| 29. | Vehicle anti-lock braking optimization control method and device (一種車輛防抱死優化控制方法及裝置) | PRC | Invention grant | Our Company | 2022101154995 | 2022/02/07 |
| 30. | A schematic diagram automatic drawing method, device, equipment, medium and product (一種原理圖自動繪製方法、裝置、設備、介質及產品) | PRC | Invention grant | Our Company | 2022101170771 | 2022/02/07 |
| 31. | A static target tracking method, device and storage medium (一種靜態目標跟蹤方法、裝置及存儲介質) | PRC | Invention grant | Our Company | 2022101036344 | 2022/01/28 |
| 32. | Lane marking recognition method, device and storage medium (一種車道線識別方法、裝置及存儲介質) | PRC | Invention grant | Our Company | 2022100884401 | 2022/01/26 |

| No. | Patent Name | Place of Registration | Patent Type | Patentee | Patent number | Application Date (yyyy/mm/dd) |
|---|---|---|---|---|---|---|
| 33. | Method, equipment and medium for vehicle offset alarm (一種車輛偏移告警的方法、設備及介質) | PRC | Invention grant | Our Company | 2022100516255 | 2022/01/18 |
| 34. | A longitudinal motion control method and device for electric vehicle based on speed bump detection (一種基於減速帶檢測的電動汽車縱向運動控制方法及裝置) | PRC | Invention grant | Our Company | 2022100463915 | 2022/01/17 |
| 35. | A key target selection method and device suitable for intelligent driving vehicles (一種適用於智能駕駛車輛的關鍵目標選擇方法及裝置) | PRC | Invention grant | Our Company | 2022100342906 | 2022/01/13 |
| 36. | Pedestrian detection method, device, equipment and medium of cascaded neural network model (級聯神經網絡模型的行人檢測方法、裝置、設備及介質) | PRC | Invention grant | Our Company | 2022100343716 | 2022/01/13 |
| 37. | A camera pose estimation method, device, device and storage medium (一種相機位姿估計方法、裝置、設備及存儲介質) | PRC | Invention grant | Our Company | 2022100293007 | 2022/01/12 |

| No. | Patent Name | Place of Registration | Patent Type | Patentee | Patent number | Application Date (yyyy/mm/dd) |
|---|---|---|---|---|---|---|
| 38. | A kind of in-vehicle camera external parameter calibration method and device (一種車內相機外參標定方法及裝置) | PRC | Invention grant | Ruijian Zhixing | 2022100293191 | 2022/01/12 |
| 39. | Test methods, devices, equipment, and storage media for autonomous vehicles (自動駕駛車輛的測試方法、裝置、設備及存儲介質) | PRC | Invention grant | Our Company | 2022100240531 | 2022/01/11 |
| 40. | Detection methods, devices, equipment, and storage media for road vanishing points (道路滅點的檢測方法、裝置、設備及存儲介質) | PRC | Invention grant | Our Company | 202210012039X | 2022/01/07 |
| 41. | A vehicle acceleration control method and device based on road traffic characteristics (一種基於道路交通特徵的車輛加速度控制方法及裝置) | PRC | Invention grant | Our Company | 2022100124367 | 2022/01/07 |
| 42. | A line-of-sight measurement method and device based on monocular camera (一種基於單目攝像頭的視線測量方法及裝置) | PRC | Invention grant | Ruijian Zhixing | 2022100120402 | 2022/01/07 |

| No. | Patent Name | Place of Registration | Patent Type | Patentee | Patent number | Application Date (yyyy/mm/dd) |
|---|---|---|---|---|---|---|
| 43. | A gaze measurement method and device based on binocular camera (一種基於雙目攝像頭的視線測量方法和裝置) | PRC | Invention grant | Ruijian Zhixing | 2022100075568 | 2022/01/06 |
| 44. | Training methods for multi-source and cross-domain text sentiment classification network (多源跨領域的文本情感分類網絡的訓練方法) | PRC | Invention grant | Our Company | 2022100009640 | 2022/01/04 |
| 45. | A construction method, device and optical flow estimation method for optical flow estimation models (一種光流估算模型的構建方法、裝置及光流估算方法) | PRC | Invention grant | Our Company | 2021116358740 | 2021/12/30 |
| 46. | Collision risk prediction method and device (一種碰撞風險預測方法及裝置) | PRC | Invention grant | Our Company | 2021115932738 | 2021/12/24 |
| 47. | An automatic driving speed planning method, device and storage medium (一種自動駕駛速度規劃方法、裝置及存儲介質) | PRC | Invention grant | Our Company | 2021115580175 | 2021/12/20 |

| No. | Patent Name | Place of Registration | Patent Type | Patentee | Patent number | Application Date (yyyy/mm/dd) |
|---|---|---|---|---|---|---|
| 48. | Driving assistance takeover prompt method, device, terminal device and storage medium (一種駕駛輔助接管提示方法、裝置、終端設備及存儲介質) | PRC | Invention grant | Our Company | 2021115457664 | 2021/12/17 |
| 49. | Image semantic segmentation method and computer-readable storage medium (圖像語義分割方法及計算機可讀存儲介質) | PRC | Invention grant | Our Company | 2021115460972 | 2021/12/17 |
| 50. | A method, device, and computer-readable storage medium for target-tracking (一種目標跟蹤方法、裝置和計算機可讀存儲介質) | PRC | Invention grant | Our Company | 2021115362062 | 2021/12/16 |
| 51. | Vehicle control method and system thereof in vehicle blind spot (一種車輛盲區的車輛控制方法及其系統、車輛) | PRC | Invention grant | Our Company | 2021115365164 | 2021/12/16 |
| 52. | A method and device for updating a road model (一種道路模型的更新方法及裝置) | PRC | Invention grant | Our Company | 2021115280236 | 2021/12/15 |

| No. | Patent Name | Place of Registration | Patent Type | Patentee | Patent number | Application Date (yyyy/mm/dd) |
|---|---|---|---|---|---|---|
| 53. | Detection methods, devices, equipment, and storage media for lost items (遺落物品的檢測方法、裝置、設備及存儲介質) | PRC | Invention grant | Ruijian Zhixing | 202111527304X | 2021/12/15 |
| 54. | Vehicle four-wheel steering control method and device (一種車輛四輪轉向控制方法及裝置) | PRC | Invention grant | Our Company | 2021115137469 | 2021/12/13 |
| 55. | A method, device, electronic equipment, and storage medium for automatic lane change on highway (一種高速公路自動變道方法、裝置、電子設備及存儲介質) | PRC | Invention grant | Our Company | 2021115039729 | 2021/12/10 |
| 56. | Vehicle heading angle detection method, device, equipment and storage medium (車輛航向角的檢測方法、裝置、設備及存儲介質) | PRC | Invention grant | Our Company | 2021114948349 | 2021/12/09 |
| 57. | Vehicle road test methods, devices, electronic equipment and storage media (車輛道路試驗方法、裝置、電子設備及存儲介質) | PRC | Invention grant | Our Company | 2021114948724 | 2021/12/09 |

| No. | Patent Name | Place of Registration | Patent Type | Patentee | Patent number | Application Date (yyyy/mm/dd) |
|---|---|---|---|---|---|---|
| 58. | Lane marking recognition method and device (車道線識別方法及裝置) | PRC | Invention grant | Our Company | 2021114961911 | 2021/12/09 |
| 59. | Efficient PCB layout methods, devices, devices, and computer-readable storage media (高效PCB佈局方法、裝置、設備及計算機可讀存儲介質) | PRC | Invention grant | Our Company | 202111496981X | 2021/12/09 |
| 60. | Bifurcation point detection methods, devices, computer equipment, and storage media (分岔點檢測方法、裝置、計算機設備和存儲介質) | PRC | Invention grant | Our Company | 2021114993096 | 2021/12/09 |
| 61. | A drive-by-wire system for autonomous vehicles (一種自動駕駛車輛線控系統) | PRC | Invention grant | Our Company | 2021114874148 | 2021/12/08 |
| 62. | Parking method, device and terminal equipment based on charging pile position recognition (一種基於充電樁位置識別的泊車方法、裝置及終端設備) | PRC | Invention grant | Our Company | 2021114874595 | 2021/12/08 |

| No. | Patent Name | Place of Registration | Patent Type | Patentee | Patent number | Application Date (yyyy/mm/dd) |
|---|---|---|---|---|---|---|
| 63. | Detection method, device, equipment and storage medium of lane marking (車道線的檢測方法、裝置、設備及存儲介質) | PRC | Invention grant | Our Company | 2021114878083 | 2021/12/08 |
| 64. | A multi-extended target radar measurement set division method and device (一種多擴展目標雷達量測集劃分方法和裝置) | PRC | Invention grant | Our Company | 2021114808837 | 2021/12/07 |
| 65. | Eye attribute classification method, device and storage medium (一種眼睛屬性分類方法、裝置及存儲介質) | PRC | Invention grant | Ruijian Zhixing | 2021114798464 | 2021/12/07 |
| 66. | A method and device for associating a radar vehicle target with a visual vehicle target (一種雷達車輛目標與視覺車輛目標的關聯方法及裝置) | PRC | Invention grant | Our Company | 2021114607556 | 2021/12/03 |
| 67. | Training method and image classification method of image classification model (圖像分類模型的訓練方法及圖像分類方法) | PRC | Invention grant | Hunan Youxiang | 2021114595239 | 2021/12/02 |

| No. | Patent Name | Place of Registration | Patent Type | Patentee | Patent number | Application Date (yyyy/mm/dd) |
|---|---|---|---|---|---|---|
| 68. | Data cleaning methods and computer-readable storage media (數據清洗方法及計算機可讀存儲介質) | PRC | Invention grant | Hunan Youxiang | 202111444911X | 2021/11/30 |
| 69. | Object tracking methods, devices, computer equipment, and storage media (目標跟蹤方法、裝置、計算機設備和存儲介質) | PRC | Invention grant | Our Company | 2021113524522 | 2021/11/16 |
| 70. | A construction method of multi-target detection and category recognition model based on YOLOv5 (基於YOLOv5的多目標檢測及類別識別模型的構建方法) | PRC | Invention grant | Our Company | 2021113302067 | 2021/11/11 |
| 71. | Method, apparatus and computer equipment for raising points on lane markings (車道線提點的方法、裝置和計算機設備) | PRC | Invention grant | Our Company | 2021112911373 | 2021/11/03 |
| 72. | Tail sequence scale change prediction method, device and computer equipment (車尾序列尺度變化預測方法、裝置和計算機設備) | PRC | Invention grant | Our Company | 202111179136X | 2021/10/11 |

| No. | Patent Name | Place of Registration | Patent Type | Patentee | Patent number | Application Date (yyyy/mm/dd) |
|---|---|---|---|---|---|---|
| 73. | Electromagnetic compatibility shielding devices and electronic equipment (電磁兼容性屏蔽裝置及電子設備) | PRC | Invention grant | Our Company | 2021108147875 | 2021/07/19 |
| 74. | Road vehicle driving attitude classification method, device and system (一種道路車輛行駛姿態分類方法、裝置及其系統) | PRC | Invention grant | Nanjing Youjia | 2021106198196 | 2021/06/03 |
| 75. | A lightweight multitask age estimation method based on facial feature learning (一種基於人臉特徵學習的輕量級多頭年齡估計方法) | PRC | Invention grant | Nanjing Youjia | 202110620332X | 2021/06/03 |
| 76. | Traffic sign tracking method, device, device, and storage medium (交通牌跟蹤方法、裝置、設備和存儲介質) | PRC | Invention grant | Our Company | 2021104165041 | 2021/04/19 |
| 77. | Lamp state recognition method, device, terminal and medium based on attention mechanism (基於注意力機制的車燈狀態識別方法、裝置、終端和介質) | PRC | Invention grant | Our Company | 2021103370763 | 2021/03/30 |

| No. | Patent Name | Place of Registration | Patent Type | Patentee | Patent number | Application Date (yyyy/mm/dd) |
|---|---|---|---|---|---|---|
| 78. | Parking control method, device, computer equipment and storage medium (泊車控制方法、裝置、計算機設備和存儲介質) | PRC | Invention grant | Our Company | 2021101882625 | 2021/02/19 |
| 79. | Dynamic estimation method, device, and computer equipment for vehicle-mounted camera external parameter attitude (車載相機外參姿態動態估計方法、裝置、計算機設備) | PRC | Invention grant | Our Company | 2021100958186 | 2021/01/25 |
| 80. | Gesture control methods, devices, computer equipment, and storage media (手勢控制方法、裝置、計算機設備和存儲介質) | PRC | Invention grant | Ruijian Zhixing | 2021100381906 | 2021/01/12 |
| 81. | Parking space identification method, device, vehicle-mounted terminal and storage medium (車位識別方法、裝置、車載終端和存儲介質) | PRC | Invention grant | Our Company | 2021100212537 | 2021/01/08 |

| No. | Patent Name | Place of Registration | Patent Type | Patentee | Patent number | Application Date (yyyy/mm/dd) |
|---|---|---|---|---|---|---|
| 82. | Processing method, device, equipment and storage medium of ring view parking space detection results (環視圖車位檢測結果的處理方法、裝置、設備和存儲介質) | PRC | Invention grant | Our Company | 2020115353853 | 2020/12/23 |
| 83. | Parking space detection method, device, computer equipment and storage medium (停車位檢測方法、裝置、計算機設備和存儲介質) | PRC | Invention grant | Our Company | 2020115284389 | 2020/12/22 |
| 84. | Object detection methods, devices, devices, and storage media for fisheye images (針對魚眼圖像的目標檢測方法、裝置、設備和存儲介質) | PRC | Invention grant | Our Company | 2020113060701 | 2020/11/20 |
| 85. | Method, apparatus, computer equipment, and storage medium for generating occluded images (生成遮擋圖像的方法、裝置、計算機設備和存儲介質) | PRC | Invention grant | Our Company | 2020111843266 | 2020/10/30 |

| No. | Patent Name | Place of Registration | Patent Type | Patentee | Patent number | Application Date (yyyy/mm/dd) |
|---|---|---|---|---|---|---|
| 86. | Lane line processing method, device, vehicle-mounted terminal and medium based on feature space (基於特徵空間的車道線處理方法、裝置、車載終端和介質) | PRC | Invention grant | Our Company | 202011184329X | 2020/10/30 |
| 87. | Detection methods, devices, devices, and storage media for areas occluded by cameras (攝像頭遮擋區域的檢測方法、裝置、設備和存儲介質) | PRC | Invention grant | Our Company | 2020110292938 | 2020/09/27 |
| 88. | Neural network accelerators (神經網絡加速器) | PRC | Invention grant | Our Company | 2020110128505 | 2020/09/24 |
| 89. | Vehicle blind spot detection processing method, device, vehicle-mounted terminal and storage medium (車輛盲區檢測處理方法、裝置、車載終端和存儲介質) | PRC | Invention grant | Our Company | 2020110129480 | 2020/09/24 |
| 90. | Method, device, computer device, and storage medium for identifying the state of a vehicle lamp (識別車燈狀態的方法、裝置、計算機設備和存儲介質) | PRC | Invention grant | Our Company | 2020109982523 | 2020/09/22 |

| No. | Patent Name | Place of Registration | Patent Type | Patentee | Patent number | Application Date (yyyy/mm/dd) |
|---|---|---|---|---|---|---|
| 91. | Image data screening methods, devices, computer equipment, and storage media (圖像數據篩選方法、裝置、計算機設備和存儲介質) | PRC | Invention grant | Wuhan Youjia | 2020100541987 | 2020/01/17 |
| 92. | Visual perception methods, devices, computer equipment, and storage media for autonomous driving (自動駕駛的視覺感知方法、裝置、計算機設備和存儲介質) | PRC | Invention grant | Youjia Beijing | 2019113828291 | 2019/12/27 |
| 93. | Lane marking detection method, device, computer equipment and storage medium (車道線檢測方法、裝置、計算機設備和存儲介質) | PRC | Invention grant | Youjia Beijing | 2019113799443 | 2019/12/27 |
| 94. | Control method, device, vehicle and storage medium of vehicle headlamp (交通工具前照燈的控制方法、裝置、交通工具及存儲介質) | PRC | Invention grant | Our Company | 2018109486282 | 2018/08/20 |

| No. | Patent Name | Place of Registration | Patent Type | Patentee | Patent number | Application Date (yyyy/mm/dd) |
|---|---|---|---|---|---|---|
| 95. | Automatic braking method and system based on image recognition and millimeter-wave radar fusion (基於圖像識別和毫米波雷達融合的自動剎車方法和系統) | PRC | Invention grant | Our Company | 2017103582385 | 2017/05/19 |
| 96. | Pole recognition system based on vehicle driving assistance (基於車輛輔助駕駛的桿體識別系統) | PRC | Invention grant | Our Company | 2016100293711 | 2016/01/15 |
| 97. | Automobile rearview system and method (汽車後視系統及方法) | PRC | Invention grant | Our Company | 201511022736X | 2015/12/30 |
| 98. | Real-time warning and reminder methods for driver assistance systems and vehicles (駕駛輔助系統及車輛實時預警提醒方法) | PRC | Invention grant | Our Company | 2015109804652 | 2015/12/23 |
| 99. | Real-time camera calibration methods, systems, and devices (攝像頭實時標定方法、系統和裝置) | PRC | Invention grant | Our Company | 2015108642947 | 2015/11/30 |
| 100. | In-cabin monitoring graphical user interface showing screen panel (顯示屏幕面板的艙內監測圖形用戶界面) | PRC | Invention grant | Our Company | 2023306935756 | 2023/10/25 |

*(e) Domain Names*

As of the Latest Practicable Date, we had registered the following internet domain names which we consider to be or may be material to our business:

| No. | Domain Name | Registered Owner | Place of Registration | Registration Date (yyyy/mm/dd) |
|---|---|---|---|---|
| 1. | minieye.cc | Our Company | PRC | 2015/01/22 |
| 2. | minieye.tech | Our Company | PRC | 2018/06/13 |
| 3. | tascalibration.top | Our Company | PRC | 2023/08/03 |
| 4. | opendrive.cn | Jiangsu Yuanshi | PRC | 2022/02/03 |
| 5. | cqybxm.com | Jiangsu Yuanshi | PRC | 2021/05/25 |

## C. FURTHER INFORMATION ABOUT OUR DIRECTORS, SUPERVISORS, MANAGEMENT AND SUBSTANTIAL SHAREHOLDERS

### 1. Disclosure of Interests of the Directors, Supervisors and Chief Executive of our Company

Save as disclosed in this prospectus, immediately following the completion of the Global Offering (assuming that the Over-allotment Option is not exercised), so far as our Directors are aware, none of our Directors, Supervisors or chief executive has any interests or short positions in our Shares, underlying shares and debentures of our Company or any associated corporations (within the meaning of Part XV of the SFO) which will have to be notified to our Company and the Hong Kong Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they are taken or deemed to have under such provisions of the SFO) or which will be required, pursuant to Section 352 of the SFO, to be recorded in the register referred to therein or which will be required to be notified to our Company and the Hong Kong Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Companies contained in the Listing Rules. For details, see the sections headed "Substantial Shareholders" and "Appendix VI—Statutory and General Information" in this prospectus.

## 2. Disclosure of Interests of the Substantial Shareholders of our Company

For the information on the persons who will, immediately following 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 Hong Kong Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or directly or indirectly be interested in 10% or more of the nominal value of any class of share capital carrying voting rights in all circumstances at general meetings of our Company, see the section headed "Substantial Shareholders" in this prospectus.

So far as set out above, our Directors are not aware of any persons (other than our Directors, Supervisors or chief executive) will, immediately following the completion of the Global Offering, directly or indirectly, be interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other member of our Group.

## 3. Service Contracts

Pursuant to Rules 19A.54 and 19A.55 of the Listing Rules, we have entered into a contract with each of our Directors and Supervisors in respect of, among other things, compliance with the relevant laws and regulations, the Articles of Association and applicable provisions on arbitration.

Each of our Directors has entered into service contracts with our Company. The principal particulars of these service contracts comprise (a) a term of three years which is equivalent to the term of the Board; and (b) termination provisions in accordance with their respective terms. Our Directors may be re-appointed subject to Shareholders' approval. The service contracts can be renewed pursuant to our Articles of Association and applicable rules.

Each of our Supervisors has entered into a contract with our Company. Each contract contains provisions relating to compliance with relevant laws and regulations, observation of our Articles of Association and resolution of disputes by means of arbitration.

Save as disclosed above, we have not entered, and do not propose to enter, into any service contracts with any of our Directors or Supervisors in their respective capacities as Directors or Supervisors (other than contracts expiring or determinable by the employer within one year without any payment of compensation (other than statutory compensation)).

## 4. Directors' and Supervisors' Remuneration

Save as disclosed in "Directors, Supervisors and Senior Management" and Note 38 to "Appendix I—Accountant's Report" for the three financial years ended December 31, 2021, 2022 and 2023 and six months ended June 30, 2024, none of our Directors or Supervisors received other remunerations of benefits in kind from us.

**5. Disclaimers**

Save as disclosed in this prospectus:

(a) none of our Directors, Supervisors or any of the parties listed in "—E. Other Information—4. Qualification and Consents of Experts" of this Appendix is:

(i) interested in our promotion, or in any assets which, within the two years immediately preceding the date of this Prospectus, have been acquired or disposed of by or leased to us, or are proposed to be acquired or disposed of by or leased to our Company; or

(ii) materially interested in any contract or arrangement subsisting at the date of this Prospectus which is significant in relation to our business;

(b) save in connection with the Hong Kong Underwriting Agreement and the International Underwriting Agreement, none of our Directors, Supervisors or any of the parties listed in "—E. Other Information—4. Qualification and Consents of Experts "of this Appendix:

(i) is interested legally or beneficially in any shares in any member of our Group; or

(ii) has any right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for any securities in any member of our Group;

(c) none of our Directors or Supervisors or their close associates or any shareholders of our Company who to the knowledge of our Directors owns more than 5% of our issued share capital has any interest in our top five customers or suppliers in each financial year or stub period during the Track Record Period; and

(d) none of our Directors or Supervisors is a director or employee of a company that has an interest in the share capital of our Company which, once the H Shares are listed on the Hong Kong Stock Exchange, would have to be disclosed pursuant to Divisions 2 and 3 of Part XV of the SFO.

## D. EMPLOYEE INCENTIVE SCHEME

To attract and retain talents and to provide incentives to our employees for long-term development of our Company, our Company adopted the Employee Incentive Scheme by way of establishing ESOP Holding Entities, namely Youjia Qingcheng, Youjia Zhongcheng and Youjia Licheng. For details of the ESOP Holding Entities, see "History, Development and Corporate Structure—Major Shareholding Changes of our Company—Establishment of the ESOP Holding Entities." and "History, Development and Corporate Structure—Employee Ownership Platforms."

The Employee Incentive Scheme is not subject to the provisions of Chapter 17 of the Listing Rules as it does not involve any grant of share options or awards or any issuance of new Shares by our Company after Listing. Given the Shares under the Employee Incentive Scheme have already been issued to Youjia Qingcheng, Youjia Zhongcheng and Youjia Licheng as of the Latest Practicable Date, there will not be any dilutive effect to the issued Shares as a result of the operation of the Employee Incentive Scheme. The principal terms of the Employee Incentive Scheme are set out in the partnership agreements of the ESOP Holding Entities as summarized as follows.

**(a) Administration**

The general partner of each of the ESOP Holding Entities is Dr. Liu Guoqing, our co-founder, chairman of the Board, executive Director and general manager (the "**Administrator**"). The Administrator is entitled to manage affairs concerning the ESOP Holding Entities as the general partner.

**(b) Shares under the Employee Incentive Scheme**

As of the Latest Practicable Date, the ESOP Holding Entities collectively held 21,109,082 Shares, representing approximately 5.86% of the total issued share capital our Company. Immediately upon completion of the Global Offering (assuming the Over-allotment Option is not exercised), the ESOP Holding Entities will be interested in approximately 5.21% of the total issued share capital of our Company.

**(c) ESOP Holding Entities**

Youjia Qingcheng, Youjia Zhongcheng, and Youjia Licheng are limited partnerships established on December 10, 2020, April 29, 2021, and May 28, 2021, respectively, as our ESOP Holding Entities. Incentives are granted to eligible participants under the Employee Incentive Scheme (the "**Participants**") in the form of partnership interests in our ESOP Holding Entities. Set out below is the holding structure of our ESOP Holding Entities as of the Latest Practicable Date:

- ***Youjia Qingcheng:*** As of the Latest Practicable Date, Youjia Qingcheng held 12,386,181 Shares. The general partner of Youjia Qingcheng is Dr. Liu Guoqing, our co-founder, chairman of the Board, executive Director and general manager, who holds approximately 0.10% partnership interests in Youjia Qingcheng. The remaining approximately 99.90% partnership interests in Youjia Qingcheng are held by 41 limited partners who are current employees of the Group, among whom, Mr. Liao Diguang, Mr. Ao Zhengguang, and Mr. Wan Hao, each being a Supervisor, holds approximately 0.60%, 16.73% and 2.75% partnership interests in Youjia Qingcheng, respectively. None of the limited partners of Youjia Qingcheng holds more than one third of the partnership interests in Youjia Qingcheng.

- ***Youjia Zhongcheng:*** As of the Latest Practicable Date, Youjia Zhongcheng held 5,815,267 Shares. The general partner of Youjia Zhongcheng is Dr. Liu Guoqing, our co-founder, chairman of the Board, executive Director and general manager, who holds approximately 0.23% partnership interests in Youjia Zhongcheng. The remaining approximately 99.77% partnership interests in Youjia Zhongcheng are held by 34 limited partners who are current employees of the Group. None of the limited partners of Youjia Zhongcheng holds more than one third of the partnership interests in Youjia Zhongcheng.

- ***Youjia Licheng:*** As of the Latest Practicable Date, Youjia Licheng held 2,907,634 Shares. The general partner of Youjia Licheng is Dr. Liu Guoqing, our co-founder, chairman of the Board, executive Director and general manager, who holds approximately 0.36% partnership interests in Youjia Licheng. The remaining approximately 99.64% partnership interests in Youjia Licheng are held by 39 limited partners who are current employees of the Group. None of the limited partners of Youjia Licheng holds more than one third of the partnership interests in Youjia Licheng.

**(d) Voting rights**

The general partner of the ESOP Holding Entities is entitled to exercise the voting rights attached to the Shares held by the ESOP Holding Entities on behalf of the ESOP Holding Entities.

**(e) Lock-up, Transferability and Repurchase of Partnership Interests**

The partnership interests held by the Participants in the ESOP Holding Entities, which represent the awards granted to the Participants under the Employee Incentive Scheme, are subject to lock-up restrictions, whereby (i) 50% of the partnership interests held by each Participant is subject to a lock-up restriction for a period commencing from the establishment of the relevant ESOP Holding Entity until 12 months after the completion of the Proposed Listing, and (ii) the remaining 50% of the partnership interests held by each Participant is subject to a lock-up restriction for a period commencing from the establishment of the relevant ESOP Holding Entity until 36 months after the completion of the Proposed Listing. Subject to the provisions of the Employee Incentive Scheme, partnership interests granted to the Participants may be repurchased by the ESOP Holding Entities by way of capital reduction or by Dr. Liu Guoqing as the general partner of the ESOP Holding Entities in case of any disposal of such partnership interests by the Participants during the lock-up period. In addition, during the lock-up period, the partnership interests granted to the Participant may be repurchased by the ESOP Holding Entities by way of capital reduction or by Dr. Liu Guoqing as the general partner of the ESOP Holding Entities in the event of, including but not limited to (i) termination of Participant's employment relationship with the Group; (ii) death of the Participant; and (iii) retirement of the Participant. Funding of any such repurchase will be raised by Dr. Liu Guoqing as the general partner of the ESOP Holding Entities for the operation and management of the Employee Incentive Scheme.

## E. OTHER INFORMATION

### 1. Estate Duty

Our Directors have been advised that no material liability for estate duty is likely to impose on our Company or our subsidiary.

### 2. Litigation

Saved as disclosed in this prospectus, to the knowledge of our Directors, no member of our Group has significant litigation or claims pending or threatened against any member of our Group.

### 3. Joint Sponsors

The Joint Sponsors have made an application on our behalf to the Hong Kong Stock Exchange for the listing of, and permission to deal in, (i) the H Shares to be converted from our Unlisted Shares, and (ii) our H Shares to be issued pursuant to the Global Offering (including any H Shares which may be issued pursuant to the exercise of the Over-allotment Option). All necessary arrangements have been made to enable the securities to be admitted into CCASS.

CITIC Securities (Hong Kong) Limited satisfies the independence criteria applicable to sponsor set out in Rule 3A.07 of the Listing Rules. As members of the sponsor group (as defined in the Listing Rules) of China International Capital Corporation Hong Kong Securities Limited collectively held or will hold, directly or indirectly, more than 5% of the number of issued shares of our Company as of the Latest Practicable Date and up to the Listing Date, China International Capital Corporation Hong Kong Securities Limited does not satisfy the independence criteria applicable to sponsor set out in Rule 3A.07 of the Listing Rules. Pursuant to the engagement letters entered into between the Company and each of the Joint Sponsors, each of the Joint Sponsors will receive a sponsor fee of US$200,000 to each act as a sponsor of our Company in connection with the Listing.

**4. Qualification and Consents of Experts**

The qualifications of the experts who have given opinions or advice in this prospectus are as follows:

| Name | Qualification |
|---|---|
| CITIC Securities (Hong Kong) Limited | A licensed corporation under the SFO to conduct Type 4 (advising on securities) and Type 6 (advising on corporate finance) regulated activities as defined under the SFO |
| China International Capital Corporation Hong Kong Securities Limited | A licensed corporation under the SFO to conduct 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) regulated activities as defined under the SFO |
| PricewaterhouseCoopers | Certified Public Accountants under Professional Accountant Ordinance (Chapter 50 of the Laws of Hong Kong)<br><br>Registered Public Interest Entity Auditor under Accounting and Financial Reporting Council Ordinance (Chapter 588 of the Laws of Hong Kong) |
| AllBright Law Offices | Legal advisor to our Company as to PRC laws |
| Hogan Lovells | Legal advisor to our Company as to U.S. export control laws |
| China Insights Industry Consultancy Limited | Independent industry consultant |

Each of the experts has given and has not withdrawn its written consents to the issue of this prospectus with the inclusion of its reports, letters, opinions or summaries of opinions (as the case may be) and the references to its names and logos included herein in the form and context in which it is respectively included.

Save as disclosed in this prospectus, as of the Latest Practicable Date, none of the experts named above has any of our shareholding interests in any member of our Group or rights (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for our securities in any member of our Group.

**5. Compliance Advisor**

Our Company has appointed SBI China Capital Hong Kong Securities Limited as its Compliance Advisor in compliance with Rule 3A.19 of the Listing Rules.

**6. Taxation of Holders of H Shares**

Hong Kong stamp duty, currently charged at the ad valorem rate of 0.10% on the higher of the consideration for or the market value of the H Shares, will be payable by the purchaser on every purchase and by the seller on every sale of any Hong Kong securities, including H Shares (in other words, a total of 0.20% is currently payable on a typical sale and purchase transaction involving H Shares). In addition, a fixed stamp duty of HK$5.00 is currently payable on any instrument of transfer of H Shares. Where one of the parties is a resident outside Hong Kong and does not pay the ad valorem duty due by it, the duty not paid will be assessed on the instrument of transfer (if any) and will be payable by the transferee. If no stamp duty is paid on or before the due date, a penalty of up to ten times the duty payable may be imposed.

**7. Binding Effect**

This prospectus shall have the effect, if any application is made pursuant hereto, of rendering all persons concerned bound by all the provisions (other than the penal provisions) of sections 44A and 44B of the Companies (Winding Up and Miscellaneous Provisions) Ordinance so far as applicable.

**8. 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 (Exemption of Companies and Prospectuses from Compliance with Provisions) Notice (Chapter 32L of the Laws of Hong Kong).

**9. Promoters**

The promoters of our Company comprised all of the 47 then shareholders of our Company as at June 7, 2023 before our conversion into a joint stock company with limited liability. Save as disclosed in this prospectus, within the two years immediately preceding the date of this prospectus, no cash, securities or benefits have been paid, allotted or given, or are proposed to be paid, allotted or given to the promoters named above in connection with the Global Offering or the related transactions described in this prospectus.

**10. Preliminary Expenses**

Our Company did not incur any material preliminary expenses.

## 11. No Material Adverse Change

Our Directors confirm that, as of the date of this prospectus, there has been no material adverse change in our financial position or prospects since June 30, 2024.

## 12. Miscellaneous

Save as disclosed in this prospectus:

(a) within the two years preceding the date of this prospectus: (i) we have not issued nor agreed to issue any share or loan capital fully or partly paid either for cash or for a consideration other than cash; and (ii) no commissions, discounts, brokerage fee or other special terms have been granted in connection with the issue or sale of any shares of our Company;

(b) no share or loan capital of our Company is under option or is agreed conditionally or unconditionally to be put under option;

(c) we have not issued nor agreed to issue any founder shares, management shares or deferred shares;

(d) there are no arrangements under which future dividends are waived or agreed to be waived;

(e) there are no procedures for the exercise of any right of pre-emption or transferability of subscription rights;

(f) there have been no interruptions in our business which may have or have had a significant effect on our financial position in the last 12 months;

(g) there are no restrictions affecting the remittance of profits or repatriation of capital by us into Hong Kong from outside Hong Kong;

(h) no part of the equity or debt securities of our Company, if any, is currently listed on or dealt in on any stock exchange or trading system, and no such listing or permission to list on any stock exchange other than the Hong Kong Stock Exchange is currently being or agreed to be sought; and

(i) our Company has no outstanding convertible debt securities or debentures.

## 1. DOCUMENTS DELIVERED TO THE REGISTRAR OF COMPANIES IN HONG KONG

The documents attached to the copy of this prospectus delivered to the Registrar of Companies in Hong Kong for registration were:

(a) a copy of each of the material contracts referred to in "B. Further Information about our Business—1. Summary of Material Contracts" in Appendix VI to this prospectus; and

(b) the written consents referred to in "E. Other Information—4. Qualification and Consents of Experts" in Appendix VI to this prospectus.

## 2. DOCUMENTS AVAILABLE ON DISPLAY

Copies of the following documents will be available on display on the website of our Company at **www.minieye.cc** and on the website of the Hong Kong Stock Exchange at **www.hkexnews.hk** up to and including the date which is 14 days from the date of this prospectus:

(a) the Articles of Association;

(b) the Accountant's Report from PricewaterhouseCoopers, in respect of the historical financial information of our Group for the three years ended December 31, 2021, 2022 and 2023 and six months ended June 30, 2024, the text of which is set out in Appendix I to this prospectus;

(c) the audited financial statements of our Group for the three years ended December 31, 2021, 2022 and 2023 and six months ended June 30, 2024;

(d) the report on unaudited pro forma financial information of our Group from PricewaterhouseCoopers, the text of which is set out in Appendix II to this prospectus;

(e) the material contracts referred to in "B. Further Information about our Business—1. Summary of Material Contracts" in Appendix VI to this prospectus;

(f) the written consents referred to in "E. Other Information—4. Qualification and Consents of Experts" in Appendix VI to this prospectus;

(g) the contracts referred to in "C. Further Information about our Directors, Supervisors, Management and Substantial Shareholders—3. Service Contracts" in Appendix VI to this prospectus;

(h) the legal opinions issued by AllBright Law Offices, our legal advisor as to PRC laws, in respect of the general matters and property interests of our Group;

(i) the legal memorandum issued by Hogan Lovells, our legal advisor as to U.S. export control laws;

(j) the PRC Company Law, the PRC Securities Law and Interim Measures for Overseas Offering together with their unofficial English translations; and

(k) the industry report issued by China Insights Industry Consultancy Limited.

深圳佑駕創新科技股份有限公司
MINIEYE TECHNOLOGY CO., LTD