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iMotion Automotive Technology (Suzhou) Co., Ltd.

知行汽車科技(蘇州)股份有限公司

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

(Stock Code: 1274)

**(1) ANNUAL RESULTS ANNOUNCEMENT
FOR THE YEAR ENDED DECEMBER 31, 2024;
(2) PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION
AND THE PROCEDURAL RULES**

(1) ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED DECEMBER 31, 2024

FINANCIAL HIGHLIGHTS

During the year ended December 31, 2024, the Group has recorded:

- Revenue of RMB1,247.72 million, which was increased by 2.58% compared to the same period in 2023.
- Gross profit of RMB90.83 million, which was decreased by 24.91% compared to the same period in 2023.
- Gross profit margin was 7.28% (2023: 9.94%).
- Loss before tax for the Reporting Period increased by 47.78% to RMB288.34 million (2023: RMB195.11 million).
- Loss attributable to equity holders of the Company for the Reporting Period was increased by 47.78% to RMB288.32 million (2023: RMB195.10 million).
- Basic and diluted loss per share attributable to ordinary equity holders of the parent amounted to RMB1.27 for the Reporting Period (2023: RMB0.95).
- The Board does not recommend the payment of a final dividend for the year ended December 31, 2024 (2023: Nil).

ANNUAL RESULTS

The board (the “**Board**”) of directors (the “**Directors**”, and each a “**Director**”) of iMotion Automotive Technology (Suzhou) Co., Ltd. (the “**Company**”) is pleased to announce the audited consolidated annual results of the Company and its subsidiaries (collectively, the “**Group**”, “**we**” or “**us**”) for the year ended December 31, 2024 (the “**Reporting Period**”), together with the comparative figures for the corresponding year as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

for the year ended 31 December 2024

(Expressed in RMB)

		Year ended 31 December	
	Note	2024	2023
		RMB'000	RMB'000
Revenue	3	1,247,721	1,216,287
Cost of sales		(1,156,895)	(1,095,334)
Gross profit		90,826	120,953
Selling expenses		(30,393)	(32,277)
Administrative expenses		(57,497)	(83,918)
Research and development expenses		(280,651)	(216,624)
(Net impairment losses)/reversal of impairment losses on financial assets		(9,418)	1,601
Other income	4	5,908	7,676
Other (losses)/gains - net	5	(6,969)	5,718
Operating loss		(288,194)	(196,871)
Finance income	6	5,109	3,109
Finance costs	6	(5,254)	(1,346)
Finance (costs)/income – net	6	(145)	1,763
Loss before income tax	6	(288,339)	(195,108)
Income tax expense	8	–	–
Loss for the year		(288,339)	(195,108)
Other comprehensive income:			
<i>Items that may be subsequently reclassified to profit or loss</i>			
Currency translation differences		17	8
Loss and total comprehensive loss for the year attributable to the equity holders of the Company		(288,322)	(195,100)
Loss per share attributable to the equity holders of the Company (in RMB)			
Basic and diluted loss per share	9	(1.27)	(0.95)

The above consolidated statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
for the year ended 31 December 2024
(Expressed in RMB)

		As at 31 December	
	<i>Note</i>	2024	2023
		RMB'000	RMB'000
Assets			
Non-current assets			
Property, plant and equipment		308,486	94,244
Right-of-use assets		33,991	34,484
Intangible assets		38,004	11,236
Financial assets at fair value through profit or loss		4,778	3,517
Other non-current assets		26,409	20,705
		411,668	164,186
Current assets			
Inventories	<i>10</i>	298,943	256,017
Other current assets		93,400	77,122
Trade receivables	<i>11</i>	222,121	219,093
Financial assets at fair value through other comprehensive income		95,768	7,098
Financial assets at fair value through profit or loss		223,908	228,277
Restricted cash		34,000	306
Cash and cash equivalents		181,114	720,453
		1,149,254	1,508,366
Total assets		1,560,922	1,672,552
Equity			
Share capital		230,757	226,330
Reserves		1,181,008	1,117,780
Accumulated losses		(508,741)	(220,402)
Total equity		903,024	1,123,708

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (continued)
for the year ended 31 December 2024
(Expressed in RMB)

	<i>Note</i>	As at 31 December 2024 RMB'000	2023 RMB'000
Liabilities			
Non-current liabilities			
Other payables and accruals	14	–	2,155
Borrowings	12	170,173	24,159
Lease liabilities		548	630
Contract liabilities		–	1,450
Provisions		7,983	6,968
Deferred income		3,066	3,548
		<u>181,770</u>	<u>38,910</u>
Current liabilities			
Trade and notes payables	13	114,918	185,528
Other payables and accruals	14	186,555	105,440
Contract liabilities		22,289	10,647
Borrowings	12	144,725	201,498
Lease liabilities		2,949	1,797
Derivative financial instruments		–	293
Provisions		4,692	4,731
		<u>476,128</u>	<u>509,934</u>
Total liabilities		<u>657,898</u>	<u>548,844</u>
Total equity and liabilities		<u><u>1,560,922</u></u>	<u><u>1,672,552</u></u>
Net current assets		<u><u>673,126</u></u>	<u><u>998,432</u></u>

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
for the year ended 31 December 2024
(Expressed in RMB)

	Share capital <i>RMB'000</i>	Reserves <i>RMB'000</i>	Accumulated losses <i>RMB'000</i>	Total <i>RMB'000</i>
As at 1 January 2024	226,330	1,117,780	(220,402)	1,123,708
Loss for the year	–	–	(288,339)	(288,339)
Other comprehensive loss	–	17	–	17
Provision of safety fund surplus reserve	–	267	(267)	–
Utilisation of safety fund surplus reserve	–	(267)	267	–
	<u>226,330</u>	<u>1,117,797</u>	<u>(508,741)</u>	<u>835,386</u>
Transactions with the equity holders of the Company				
Placing of new shares	<u>4,427</u>	<u>63,211</u>	<u>–</u>	<u>67,638</u>
	<u>4,427</u>	<u>63,211</u>	<u>–</u>	<u>67,638</u>
As at 31 December 2024	<u><u>230,757</u></u>	<u><u>1,181,008</u></u>	<u><u>(508,741)</u></u>	<u><u>903,024</u></u>

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
for the year ended 31 December 2023
(Expressed in RMB)

	Share capital <i>RMB'000</i>	Reserves <i>RMB'000</i>	Accumulated losses <i>RMB'000</i>	Total <i>RMB'000</i>
As at 1 January 2023	10,211	681,550	(25,294)	666,467
Loss for the year	–	–	(195,108)	(195,108)
Other comprehensive loss	–	8	–	8
Provision of safety fund surplus reserve	–	362	(362)	–
Utilisation of safety fund surplus reserve	–	(362)	362	–
	<u>–</u>	<u>8</u>	<u>(195,108)</u>	<u>(195,100)</u>
Transactions with the equity holders of the Company				
Issuance of ordinary shares upon global offering	22,116	539,236	–	561,352
Capitalization Issue	194,003	(194,003)	–	–
Share-based payment	–	90,989	–	90,989
	<u>216,119</u>	<u>436,222</u>	<u>–</u>	<u>652,341</u>
As at 31 December 2023	<u><u>226,330</u></u>	<u><u>1,117,780</u></u>	<u><u>(220,402)</u></u>	<u><u>1,123,708</u></u>

CONSOLIDATED STATEMENT OF CASH FLOWS
for the year ended 31 December 2024
(Expressed in RMB)

	<i>Note</i>	Year ended 31 December	
		2024	2023
		RMB'000	RMB'000
Cash flows from operating activities			
Net cash used in operations		(410,092)	(264,899)
Interest received from cash at banks		5,109	3,109
Net cash used in operating activities		(404,983)	(261,790)
Cash flows from investing activities			
Payments for property, plant and equipment		(180,340)	(74,493)
Payments for intangible assets		(38,376)	(9,829)
Government grants received in relation to acquisition of non-current assets		–	2,976
Proceeds from sale of property, plant and equipment		2	100
Proceeds from disposals of financial assets at fair value through profit or loss		1,190,954	1,790,922
Payments for financial assets at fair value through profit or loss		(1,223,358)	(1,828,011)
Loans to directors		(13,700)	–
Net cash used in investing activities		(264,818)	(118,335)
Cash flows from financing activities			
Proceeds from contributions from equity holders		67,638	–
Proceeds from issuance of H shares upon global offering		–	596,716
Payments of lease liabilities		(4,226)	(3,860)
Repayments of borrowings		(308,458)	(48,857)
Proceeds from borrowings		397,473	225,474
Interest paid for borrowings		(7,248)	(1,141)
Payments for listing expenses		(18,020)	(31,849)
Net cash generated from financing activities		127,159	736,483
Net (decrease)/increase in cash and cash equivalents		(542,642)	356,358
Cash and cash equivalents at the beginning of the year		720,453	365,745
Exchange losses/(gains) on cash and cash equivalents		3,303	(1,650)
Cash and cash equivalents at the end of the year		181,114	720,453

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in RMB unless otherwise indicated)

1 GENERAL INFORMATION

iMotion Automotive Technology (Suzhou) Co., Ltd. was incorporated in Suzhou on December 27, 2016 as a limited liability company. The address of its registered office is G2-1901 1902 2002, No. 88 Jinji Lake Avenue, Suzhou Industrial Park, Suzhou, Jiangsu Province, the PRC.

Upon approval by the shareholders' general meeting held in November 2022, 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 "iMotion Automotive Technology (Suzhou) Co., Ltd. (知行汽車科技(蘇州)有限公司)" to "iMotion Automotive Technology (Suzhou) Co., Ltd. (知行汽車科技(蘇州)股份有限公司)" on 29 December 2022.

In December 2023, the Company successfully completed its initial public offering. The Company's H shares have been listed on the Main Board of The Stock Exchange of Hong Kong Limited since 20 December 2023.

The Company and its subsidiaries (together, "the Group") are principally engaged in the development, manufacture and sale of autonomous driving products and solutions.

2 BASIS OF PREPARATION

(i) Compliance with IFRS

The consolidated financial statements of the Group have been prepared in accordance with IFRS Accounting Standards ("IFRSs") as issued by the International Accounting Standards Board ("IASB") and disclosure requirements of the Hong Kong Companies Ordinance Cap. 622. These financial statements also comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited. Material accounting policies adopted by the Group are disclosed below.

(ii) Historical cost convention

The consolidated financial statements have been prepared on a historical cost basis, except for financial assets at fair value through profit or loss, financial assets at fair value through other comprehensive income and derivative financial instruments that are measured at fair value.

(iii) New or amended standards adopted by the Group

The Group has applied the following amendments to IFRSs issued by the IASB to these financial statements for the current accounting period:

Standards and amendments	Effective for accounting periods beginning on or after
IFRS 16 (Amendment) 'Lease Liability in a Sale and Leaseback'	1 January 2024
IAS 1 (Amendment) 'Non-current Liabilities with Covenants'	1 January 2024
IAS 1 (Amendment) 'Classification of Liabilities as Current or Non-current'	1 January 2024
IAS 7 (Amendment) and IFRS 7 (Amendment) and IAS 7 (Amendment) 'Supplier Finance Arrangements'	1 January 2024

(iv) **New or amended standards not yet adopted**

Certain new accounting standards, amendments to accounting standards and interpretations have been published that are not mandatory for 31 December 2024 reporting periods 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.

Standards and amendments	Effective for accounting periods beginning on or after
IAS 21 (Amendment) 'Lack of Exchangeability'	1 January 2025
IFRS 9 (Amendment) and IFRS 7 (Amendment) 'Classification and Measurement of Financial Instruments'	1 January 2026
Volume 11 'Annual Improvements to IFRS Accounting Standards'	1 January 2026
IFRS 18 'Presentation and Disclosure in Financial Statements'	1 January 2027
IFRS 19 'Subsidiaries without Public Accountability: Disclosures'	1 January 2027
IFRS 10 (Amendment) and IAS 28 (Amendment) '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 or revised standards. According to the preliminary assessment made by the Group, no significant impact on the financial performance and positions of the Group is expected when they become effective.

3 REVENUE AND SEGMENT INFORMATION

(a) **Description of segments and principal activities**

During the year ended 31 December 2024, the Group is mainly engaged in the production, research and development and sales of autonomous driving solutions and products in the PRC. The executive directors of the Company (i.e., the CODM) 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 segment which is used to make strategic decisions.

Geographical information

The 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 reporting period**

Revenue represents the invoiced value of goods sold and rendering of services, which is net of rebate and discounts.

Revenue mainly comprises sales of autonomous driving solutions and other products and rendering of services. An analysis of the Group's revenue by category for the years ended 31 December 2024 and 2023 is as follows:

	As at 31 December	
	2024	2023
	RMB'000	RMB'000
Autonomous driving solutions and products	1,192,578	1,130,440
Autonomous driving-related R&D services	41,661	63,112
Sales of PCBA products	13,482	22,735
	1,247,721	1,216,287

All the Group's revenue is recognised at a point in time.

For the year ended 31 December 2024, Geely Group was the Group's largest customer and the Group's revenue from Geely Group was RMB1,043.90 million (2023: RMB1,135.1 million), representing approximately 83.66% (2023: 93.3%) of the Group's total revenue during the same year.

(c) Assets and liabilities related to contracts with customers

The Group recognised the following assets and liabilities related to the contracts with customers:

	As at 31 December	
	2024	2023
	RMB'000	RMB'000
Non-current assets recognised for upfront payments to customers	3,500	5,250
Current assets recognised for upfront payments to customers	1,750	1,750
Total assets recognised for upfront payments to customers (i)	5,250	7,000
Non-current assets recognised for costs incurred to fulfill contracts	1,825	529
Current assets recognised for costs incurred to fulfill contracts	40,400	44,659
Total assets recognised for costs incurred to fulfill contracts (ii)	42,225	45,188
Non-current liabilities – rendering of services (iii)	–	1,450
Current liabilities – rendering of services (iv)	22,288	10,337
Current liabilities – sales of products (v)	1	310
Total contract liabilities	22,289	12,097

(i) Assets recognised for upfront payments to customers

	As at 31 December	
	2024	2023
	RMB'000	RMB'000
Assets recognised for upfront payments to customers	7,000	14,583
Decrease of upfront payments by customers	–	(4,000)
Amortisation recognised as a reduction of revenue during the year	(1,750)	(3,583)
	5,250	7,000

(ii) Assets recognised from costs to fulfill contracts

	As at 31 December	
	2024	2023
	RMB'000	RMB'000
Assets recognised from costs incurred to fulfill contracts	44,474	47,653
Less: provisions for impairment of contract fulfillment costs	(2,249)	(2,465)
	42,225	45,188

Contract fulfillment costs represented costs that relate directly to a contract for autonomous driving related R&D services provided by the Group, primarily including direct labour, direct materials and allocations of costs incurred in providing the promised services directly to the customers. The provision for impairment of contract fulfillment costs as recognised was RMB593,000 (2023: RMB617,000) for the year ended 31 December 2024.

(iii) Significant changes in contract liabilities

Contract liabilities of the Group arise from deposits from sales of services made by the customers while the control of services are yet to be passed. Such liabilities increase as a result of contracts entered into with customers under the sales arrangement before the completion of the underlying services.

(iv) Revenue recognised in relation to contract liabilities

	As at 31 December	
	2024	2023
	RMB'000	RMB'000
Revenue recognised that was included in the contract liability balance at the beginning of the year	8,174	24,088

4 OTHER INCOME

	Year ended 31 December	
	2024	2023
	RMB'000	RMB'000
Government grants	<u>5,908</u>	<u>7,676</u>

During the year ended 31 December 2024, the government grants mainly include government subsidies for the Group's research and development expenditures as well as construction for advanced manufacturing industry base. There are no unfulfilled conditions or other contingencies attaching to the grants recognised.

5 OTHER (LOSSES)/GAINS – NET

	Year ended 31 December	
	2024	2023
	RMB'000	RMB'000
Net fair value (losses)/gains on financial assets at FVPL	(1,511)	9,296
Net (losses)/gains on disposals of property, plant and equipment and intangible assets	(21)	87
Net fair value gains/(losses) on derivative financial instruments	169	(293)
Net foreign exchange losses	(5,635)	(3,493)
Others	<u>29</u>	<u>121</u>
	<u>(6,969)</u>	<u>5,718</u>

6 LOSS BEFORE TAXATION

Loss before taxation is arrived at after charging:

(a) Finance income and costs:

	2024	2023
	RMB'000	RMB'000
Finance income:		
Interest income on cash at banks	<u>5,109</u>	<u>3,109</u>
Finance cost:		
Interest on bank loans and other borrowings	7,350	1,238
Interest on lease liabilities	<u>131</u>	<u>169</u>
Total interest expense	7,481	1,407
Less: interest expense capitalised into properties under development*	<u>(2,227)</u>	<u>(61)</u>
	<u>5,254</u>	<u>1,346</u>

* During the year ended 31 December 2024, the interest rate applicable to the Group's capitalisation of borrowings costs in construction in progress was 2.40%-3.00% (2023: 3.00%).

(b) Other items:

	2024	2023
	RMB'000	RMB'000
Cost of inventories	1,131,190	1,047,685
Depreciation:		
– property, plant and equipment	11,715	9,909
– right-of-use assets	5,659	3,469
Research and development expenses (i)	280,651	216,624
Amortisation of intangible assets	7,606	4,228

- (i) During the year ended 31 December 2024, staff costs and depreciation expenses in research and development expenses are RMB190,040,000 (2023: RMB127,497,000), which are also included in the total amounts disclosed separately above.

7 EMPLOYEE BENEFIT EXPENSES

	Year ended 31 December	
	2024	2023
	RMB'000	RMB'000
Wages, salaries and bonuses	202,166	139,321
Share-based payment expenses	–	85,105
Pension obligations, housing funds, medical insurances and other social insurances	35,758	21,645
Other employee benefits	2,044	1,711
	239,968	247,782

8 INCOME TAX EXPENSE

	Year ended 31 December	
	2024	2023
	RMB'000	RMB'000
Current income tax expense	–	–
Deferred income tax expense	–	–
Income tax expense	–	–

The Group's principal applicable taxes and tax rates are as follows:

The Company was entitled to a preferential corporate income tax rate of 15% during the years ended 31 December 2024 and 2023. The Company obtained its High and New Technology Enterprises (“HNTE”) qualification in year 2019, and hence it is entitled to a preferential tax rate of 15% for a three-year period commencing 2019. This qualification is subject to a requirement that the Company should reapply for HNTE qualification every three years. The Company re-applied for HNTE qualification and the application was approved for another three-year period commencing 2022.

In accordance with the Public Notice Jointly Issued by the Ministry of Finance (“MOF”) and State Taxation Administration (“STA”) on Further Implementing the Preferential CIT Policies for Small and Micro Enterprises (“SMEs”) (MOF&STA Public Notice [2022] No.13), from 1 January 2022 to 31 December 2024, the annual taxable income that is more than RMB1 million but no more than RMB3 million shall be recognised at 25% of income and be subject to the corporate income tax at a tax rate of 20%.

In accordance with the Public Notice Jointly Issued by the MOF and STA Regarding the Further Supporting of Preferential Tax Policies for SMEs and Individual Businesses (STA Public Notice [2023] No.6), for SMEs, the policy that their annual taxable income shall be reduced by 75% and subject to CIT at the rate of 20% was extended to 31 December 2027.

Except for iMotion Electronics Technology (Suzhou) Co., Ltd., and iMotion Automotive Technology (Jiaxing) Co., Ltd., the Company's subsidiaries qualified as small low-profit enterprises and enjoyed the above preferential income tax policy.

According to the relevant laws and regulations promulgated by the State Taxation Administration of the PRC, enterprises engaging in research and development activities are entitled to claim 175% from 2018 onwards (subsequently raised to 200% from 2021 onwards) of their research and development expenses incurred as tax deductible expenses when determining their assessable profits for that year (the "Super Deduction").

A reconciliation of the expected income tax calculated at the applicable corporate income tax rate and loss before income tax, with the actual corporate income tax is as follows:

	Year ended 31 December	
	2024	2023
	RMB'000	RMB'000
Loss before income tax	(288,339)	(195,108)
Notional tax on loss before taxation calculated at the rates applicable to the jurisdictions concerned	(71,408)	(48,778)
Tax effects of:		
Preferential tax rate	27,097	20,428
Expenses not deductible for taxation purposes	280	259
Super Deduction in respect of R&D expenditures	(38,819)	(23,098)
Utilisation of previously unrecognised tax losses	(578)	(2,337)
Tax losses for which no deferred income tax assets was recognised	82,414	38,956
Other Temporary differences for which no deferred income tax assets were recognised	1,014	14,570
Income tax expense	<u><u>-</u></u>	<u><u>-</u></u>

As at 31 December 2024, the Group had unused tax losses of approximately RMB1,068,850,000 (2023: RMB534,932,000) that can be carried forward against future taxable income, respectively. No deferred income tax asset has been recognised in respect of such tax losses due to the unpredictability of future taxable income.

The Group principally conducted its business in Mainland China, where the accumulated tax losses will normally expire within 5 years. Pursuant to the relevant regulations on extension for expiries of unused tax losses of HNTE issued in August 2018, the expiry period of the accumulated unexpired tax losses of the Company, which is qualified as HNTE, from 2018 had been extended from 5 years to 10 years. The Company re-applied for HNTE status in 2022 and the approval was obtained in October 2022.

Deductible losses that are not recognised for deferred income tax assets will expire as follows:

	As at 31 December	
	2024	2023
	RMB'000	RMB'000
Expiry year		
2024	–	1,330
2025	167	167
2026	654	2,466
2027	4,566	4,566
2028	27,731	27,731
2029	62,738	45,639
2030	54,205	54,205
2031	66,757	66,757
2032	74,318	74,318
2033	257,753	257,753
2034	519,961	–
	1,068,850	534,932

9 LOSS PER SHARE

(a) Basic loss per share

Basic loss per share for the years ended 31 December 2024 and 2023 are calculated by dividing the loss attributable to the equity holders of the Company by the weighted average number of ordinary shares in issue during the year.

	Year ended 31 December	
	2024	2023
Loss attributable to the equity holders of the Company (RMB'000)	(288,339)	(195,108)
Weighted average number of ordinary shares outstanding (thousand shares) (Note)	226,330	204,881
Basic loss per share (expressed in RMB per share)	(1.27)	(0.95)

Note:

The weighted average number of ordinary shares at the year end of 31 December 2024 was not adjusted for the effect of the placing of new shares completed on December 2024.

(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 instruments. For the year ended 31 December 2024 and 2023, diluted loss per share was the same as basic loss per share as there were no potentially dilutive ordinary shares outstanding during the years.

10 INVENTORIES

	As at 31 December	
	2024	2023
	RMB'000	RMB'000
Raw materials	145,526	205,824
Work in progress	9,840	880
Finished goods	146,283	49,937
	<u>301,649</u>	<u>256,641</u>
Less: provisions for impairment	(2,706)	(624)
	<u>298,943</u>	<u>256,017</u>

Raw materials primarily consist of materials for volume production which will be transferred into production cost when incurred as well as using for research and development.

Finished goods include products ready for transit at production plants and products delivered to customers but acceptance has not been obtained yet.

During the year ended 31 December 2024, inventories recognised as cost of sales amounted to approximately RMB1,131,190,000 (2023: RMB1,046,150,000), and the provision for impairment of inventories as recognised for the respective years amounted to approximately RMB2,563,000 (2023: RMB602,000). All these expenses and impairment charge have been included in “cost of sales” in the consolidated statement of profit or loss and other comprehensive loss.

11 TRADE RECEIVABLES

	As at 31 December	
	2024	2023
	RMB'000	RMB'000
Trade receivables (a)		
Due from third parties	227,360	222,813
Loss allowance	(5,239)	(3,720)
	<u>222,121</u>	<u>219,093</u>

The carrying amounts of the Group's trade receivables, excluding loss allowance, are denominated in the following currencies:

	As at 31 December	
	2024	2023
	RMB'000	RMB'000
RMB	220,014	217,944
USD	7,333	4,869
EUR	13	—
	<u>227,360</u>	<u>222,813</u>

(a) Trade receivables

(i) Aging analysis of the trade receivables

As at 31 December 2024 and 2023, the aging analysis of the trade receivables based on date of revenue recognition is as follows:

	As at 31 December	
	2024	2023
	RMB'000	RMB'000
Within 3 months	206,577	213,474
3 to 6 months	7,132	8,098
6 to 12 months	658	–
Over 12 months	12,993	1,241
	<hr/>	<hr/>
Total	227,360	222,813
	<hr/> <hr/>	<hr/> <hr/>

(ii) Fair values of the trade receivables

Due to the short-term nature of the current receivables, their carrying amounts are considered to be approximately the same as their fair values.

(iii) Impairment and risk exposure

Trade receivables

The Group applies the IFRS 9 simplified approach to measure expected credit losses which uses a lifetime expected loss allowance for all trade receivables.

12 BORROWINGS

	As at 31 December	
	2024	2023
	RMB'000	RMB'000
Borrowings included in non-current liabilities:		
<i>Secured</i>		
Bank borrowings (a)	170,173	24,159
Borrowings included in current liabilities:		
<i>Unsecured</i>		
Bank borrowings (b)	114,500	140,967
Other loans (c)	30,000	35,414
Bills payable (d)	–	24,933
Interest payables	225	184
	144,725	201,498
Total borrowings	314,898	225,657

(a) The Group has pledged its land use rights with carrying amounts of approximately RMB30,524,000 (31 December 2023: RMB31,659,000) to bank as the security for the long-term bank borrowings of RMB170,173,000 (31 December 2023: RMB24,159,000) as at 31 December 2024. The Group's long-term interest bearing borrowings were RMB-denominated borrowings with floating rates linked to Loan Prime Rate ("LPR"). Interest is payable quarterly. The principal for the borrowings are payable in batches from 21 June 2026 to 14 November 2033.

(b) As at 31 December 2024, the Company had short-term borrowings from a PRC bank with amounts totalling RMB114,500,000 (31 December 2023: RMB94,930,000) and effective interest rates from 2.58% to 2.95% per annum (31 December 2023: 2.95%), respectively.

As at 31 December 2023, the Company had short-term borrowings from a PRC bank with amounts totalling USD6,500,000 and an effective interest rate of 5.75% per annum.

(c) As at 31 December 2024, borrowings of RMB30,000,000 comprise of short-term borrowings as obtained from financing of letter of credit.

As at 31 December 2023, the Company had import bill advance paid by a PRC bank with amounts totalling RMB35,414,000 and an effective interest of 2.75% per annum.

(d) As at 31 December 2023, borrowings of RMB24,933,000 comprise of short-term borrowings as obtained from the discounting of bank acceptance notes. The Group recognised the cash obtained from the discount of notes receivable that did not satisfy the derecognition criteria as short-term borrowings and the interests thereon was calculated based on the effective interest rate method and included as borrowing interest expenses.

(e) **Other disclosures**

During the years ended 31 December 2024 and 2023, the Group had not been in violation of any of the covenants nor subject to material financial covenants pursuant to the applicable borrowing agreements that the Group entered with the lenders.

The exposure of the Group's borrowings to interest rate changes and the contractual repricing dates or maturity date, whichever is earlier, were as follows:

	As at 31 December	
	2024	2023
	RMB'000	RMB'000
Less than 6 months	44,500	24,933
Between 6 and 12 months	100,000	176,381
Between 2 and 5 years	170,173	24,159
	314,673	225,473

As at 31 December 2024 and 2023, the Group had the following undrawn bank facilities:

	As at 31 December	
	2024	2023
	RMB'000	RMB'000
RMB facilities	509,827	472,094

13 TRADE AND NOTES PAYABLES

	As at 31 December	
	2024	2023
	RMB'000	RMB'000
Trade payables		
– Payables for materials	114,918	184,649
Notes payables (a)		
– Payables for materials	–	879
	114,918	185,528

- (a) The notes payables have maturity terms ranging from 2 to 6 months.
- (b) The carrying amounts of trade payables approximate their fair values due to their short-term maturity in nature.

- (c) The aging analysis of the trade payables based on purchase date at the end of each reporting period is as follows:

	As at 31 December	
	2024	2023
	RMB'000	RMB'000
Up to 1 year	<u>114,918</u>	<u>184,649</u>
	114,918	184,649

14 OTHER PAYABLES AND ACCRUALS

	As at 31 December	
	2024	2023
	RMB'000	RMB'000
Payroll and welfare payables	36,797	28,994
Accruals	39,019	7,144
Other taxes payables	2,762	1,851
Payables for purchases of property, plant and equipment	82,816	26,306
Accrued listing expenses	–	18,020
Others (a)	<u>25,161</u>	<u>25,280</u>
	186,555	107,595
Less: non-current portion (b)	<u>–</u>	<u>(2,155)</u>
	186,555	105,440

- (a) The Group agreed to collect service fees from an OEM customer and pay on behalf of the customer to a supplier, who provided part of the R&D services in relation to its hardware and software used in autonomous driving products. As at 31 December 2024, the service fees collected by the Company from the customer but unpaid to the supplier were approximately RMB21,990,000 (2023: RMB21,713,000).
- (b) The Group makes the payment based on the pre-determined payment milestone in the acquisition contracts of certain softwares. In August 2023, the Company has agreed with the supplier to specify the payment schedule of unpaid amounts. Accordingly, the Company has or will pay USD200,000, USD250,000 and USD300,000 to the supplier in November 2023, 2024 and 2025, respectively. As a result, as at 31 December 2023, USD300,000 of unpaid amount which would be settled beyond 12 months were reclassified to non-current portion of other payables and accruals.

15 DIVIDEND

No dividend has been paid or declared by the Company or subsidiaries of the Company during the years ended 31 December 2024 and 2023.

MANAGEMENT DISCUSSION AND ANALYSIS

I. MARKET REVIEW

In 2024, China's vehicle market continued to grow steadily. China's vehicle production and sales reached 31.28 million and 31.43 million units, representing a year-on-year increase of 3.7% and 4.5%, respectively. Specifically, production and sales of new energy vehicles reached 12.89 million and 12.87 million units, representing a year-on-year increase of 34.4% and 35.5%, respectively. The proportion of sales of new energy vehicles in total sales of vehicles accounted for 40.9%, representing an increase of 9.3% as compared to 2023. In terms of vehicle types, China's passenger vehicle market recorded annual production and sales of 27.48 million and 27.56 million units, representing a year-on-year increase of 5.2% and 5.8%, respectively, achieving continued growth as compared to a decrease in production and sales of commercial vehicles. In addition, in 2024, China's vehicle exports surged by 19.3% year-on-year, reaching a record high of 5.86 million units.

In 2024, the penetration rate of new models with level 2 and more assisted driving functions was approximately 50%, and is expected to continue growth in 2025 with lower technology costs and wider deployment of vehicle companies. With many vehicle companies offering level 2 and more assisted driving functions to models pricing between RMB50,000 to RMB200,000, China and the world will continue to head forward to popularizing intelligent driving functions, truly achieving equality in intelligent driving.

In terms of market competition, over the past year, China and even global markets remained competitive for third-party providers of autonomous driving solutions. Markets continue to promote R&D of technology, production iteration and experience optimization. Meanwhile, some third-party providers of autonomous driving solutions have quitted due to financing challenges, resulting in more concentration on leading providers. Therefore, many opportunities were emerging such as merges and acquisitions and the integration of supply chains in the intelligent driving industry chains.

In 2024, four ministries, including the Ministry of Industry and Information Technology (工業和信息化部), jointly issued the Circular on Development of the Pilot Program for the Access and Road Testing 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》), which accelerated and promoted the pilot program for the access and road traffic of intelligent connected vehicles, facilitating autonomous driving solutions providers to implement their technologies. At the same time, the government increased investment in promoting the construction of vehicles to all infrastructures, such as 5G network, HD map and intelligent traffic signal systems, thereby further providing systematic support for autonomous driving.

II. BUSINESS REVIEW

The Group is an autonomous driving solution provider in China. Leveraging on a number of advanced system R&D capabilities such as computing platforms, efficient middleware and artificial intelligence algorithms, the Group provides advanced autonomous driving solutions to customers through efficient integration of software and hardware. We have commercialized level 2 to level 2+ autonomous driving solutions (level 2+ is not an official classification under SAE (1) standard), and are developing level 2 to level 4 autonomous driving solutions for automotive manufacturers (OEMs). Our principal activities include (1) provision of autonomous driving solutions and products; (2) provision of autonomous driving-related R&D services; and (3) sales of printed circuit boards assembly (“**PCBA**”) products.

In 2024, benefiting from the further improvement of consumers’ awareness and acceptance of autonomous driving passenger vehicles, the market for autonomous driving passenger vehicles has further expanded. The Group closely monitors on market dynamics, identifies market demand, strengthens product refinement management and provides a wide range of autonomous driving solutions to satisfy customers’ different costs and technological requirements. For the year ended December 31, 2024, we delivered more than 227,000 autonomous driving solutions and products to our customers, representing an increase of 75% as compared to 2023. From 2020 to 2024, we delivered more than 446,000 autonomous driving solutions and products to our customers.

Autonomous driving solutions and products

In 2024, we generated most of our revenue from the sales of our autonomous driving solutions and products to OEMs, which included autonomous driving domain controllers and intelligent front camera products. We develop autonomous driving solutions and products for OEMs by leveraging core vertically integrated competencies in product design and development, algorithm and function development, system integration and manufacturing, etc. Our solutions and products for autonomous driving can be installed on both new energy vehicles (“**NEVs**”) and internal combustion engine (“**ICE**”) vehicles, and are capable of realizing comprehensive autonomous driving functions.

During the year, we generated revenue of approximately RMB1,192.58 million (2023: RMB1,130.44 million) from the provision of autonomous driving solutions and products, accounting for approximately 95.58% of our total revenue in 2024, of which revenue from the sales of AD domain controllers amounted to approximately RMB1,134.61 million (2023: RMB1,115.04 million), remaining the largest revenue source of the Company. AD domain controllers function as the brain of autonomous driving solutions – fusing and processing data from the vehicle’s sensors to make autonomous driving decisions and trigger actuators in the vehicles. In 2024, revenue from the sales of AD domain controllers represented an increase of 1.76% as compared to the corresponding period in 2023, while the sales volume of AD domain controllers in 2024 increased 47.4% compared with that of 2023. In particular, during the year, revenue from iDC 100 and iDC 300, our full-stack, self-developed AD domain controllers, increased significantly from approximately RMB13.96 million in 2023 to approximately RMB93.77 million in 2024, which was mainly attributable to the increase in revenue generated from the iDC 300 by Chery of approximately RMB59.17 million.

During the year, revenue from iFC, our self-developed intelligent front cameras, increased significantly from approximately RMB15.40 million in 2023 to approximately RMB57.97 million in 2024, which was mainly attributable to the increase in the revenue generated from the procurement by Chery, Dongfeng Motor and Geely Auto for their vehicle models.

Autonomous driving-related R&D services

In 2024, we continued to provide autonomous driving-related R&D services to OEMs. Our autonomous driving-related R&D services primarily focused on three aspects: (i) the development of software and hardware for autonomous driving; (ii) the development of algorithms and functions for autonomous driving; and (iii) functional safety consulting and validation. Our autonomous driving-related R&D services primarily focused on two areas: (i) proof-of-concept projects. In these projects, OEMs engaged us to conduct concept validation for new technology. Leveraging our comprehensive R&D capabilities and utilizing advanced technology, we developed and provided prototypes to OEMs within a short time to conduct concept validation, including proof-of-concept projects involving level 3 or level 4 autonomous driving; and (ii) R&D services in relation to the supply of our autonomous driving solutions. After receiving the letter of nomination, we started providing R&D services to customers, which primarily included R&D of hardware, software, algorithms and autonomous driving functions, as well as implementation, integration, verification and testing services.

During the year, we recorded revenue from the autonomous driving-related R&D services of approximately RMB41.66 million (2023: RMB63.11 million), representing approximately 3.34% of our total revenue in 2024. The decrease was mainly due to many new R&D services contracts are still in progress and have not been completed as of December 31, 2024.

Sale of PCBA products

In 2024, we continued to be engaged in manufacturing and sales of PCBA products to third parties. Using our two-surface mount technology (“SMT”) lines, we mount different electronic components on the PCB, such as SoCs, resistors, capacitors, and transmitters to prepare fully usable PCBA based on our customers’ specifications.

During the year, we recorded revenue from the sale of PCBA products of approximately RMB13.48 million (2023: RMB22.74 million), accounting for approximately 1.08% of our total revenue in 2024.

Project acquisition

In 2024, we obtained 35 new letters of nomination from well-known OEM customers including Geely Auto, Polestar, Chery and Dongfeng Motor, as well as several new automotive companies. As of December 31, 2024, we had a total of 65 letters of nomination. It is anticipated that we will occupy a larger market share in the future by offering more diverse and cost-effective solutions to OEMs.

R&D progress

In respect of R&D, we have maintained an efficient pace of iteration. The iFC3.0 intelligent front camera and iDC300 AD domain controller powered by the Horizon Journey 3 chip have been delivered in bulk to the leading vehicle companies since the second quarter of 2024. At the same time, the next-generation AD domain controller powered by Horizon Journey 6 has obtained letters of nomination for series production by the leading vehicle companies and will start series production in the near future. Based on this, the Company has rapidly improved its product lines based on domestic chips. At the advanced algorithms level, we completed the deployment of the BEV model on the TI TDA4 chip with relatively low computing power, becoming the first autonomous driving solutions provider in China and even globally to achieve mass production delivery of the BEV model with low computing power chips. At the same time, the team completed the series production deployment of BEV + Transformer on iDC500, providing customers with a better functional experience.

We are actively expanding the scale of our R&D organization. In 2024, we established R&D centers in Beijing, Shanghai, Guangzhou and Wuhan, with the number of R&D personnel increasing from 292 at the beginning of the year to 474 at the end of the year. We actively embraced the opportunities brought by big data and large models to autonomous driving, optimized our organizational structure, and built an R&D architecture system oriented to big data and big models, so as to accelerate the R&D and mass production of advanced algorithms for next-generation autonomous driving.

In respect of intellectual property rights, as of the end of 2024, we had applied for 250 invention patents, of which 234 were related to software and algorithms, accounting for 93.6%. In 2024, we obtained 52 software copyrights and 61 invention patents, of which 57 are related to software and algorithms.

Overseas layout

We further strengthened the capabilities of the subsidiary in Germany to provide localized services and technical support for a number of Chinese vehicle companies in their overseas ventures, helping our customers to carry out local testing and verification work more quickly and efficiently. During the Reporting Period, we assisted a number of Chinese vehicle companies in passing the GSR (General Safety Regulation) certification, signifying that the products of the Company are fully compliant with the requirements for export to the European Union. At the same time, the subsidiary in Germany also directly served international customers such as Volvo and Polestar and actively expanded its overseas business.

III. FINANCIAL REVIEW

Revenue

Revenue for the year ended December 31, 2024 was RMB1,247.72 million, representing an increase of RMB31.43 million or 2.58% as compared to that for the corresponding period in 2023. Among which, revenue from sales of autonomous driving solutions and products was RMB1,192.58 million, representing an increase of RMB62.14 million or 5.50% as compared to that for the corresponding period in 2023; revenue from rendering of autonomous driving-related R&D services was RMB41.66 million, representing a decrease of RMB21.45 million or 33.99% as compared to that for the corresponding period in 2023; and revenue from sales of PCBA products was RMB13.48 million, representing a decrease of RMB9.26 million or 40.72% as compared to that for the corresponding period in 2023.

A substantial portion of the revenue of the Group was generated from sales of autonomous driving solutions and products, accounting for 95.58% of its revenue for the year ended December 31, 2024 (2023: 92.94%). In addition, revenue generated from rendering of autonomous driving-related R&D services accounted for 3.34% of its revenue for the year ended December 31, 2024 (2023: 5.19%), and revenue from sales of PCBA products accounted for 1.08% of its revenue for the year ended December 31, 2024 (2023: 1.87%). Revenue of the Group was mainly derived from our operations in the PRC.

The following table sets forth a breakdown of the Group's revenue and relevant information for the Reporting Period:

	For the year ended December 31,			
	2024		2023	
	Amount	Percentage of total revenue	Amount	Percentage of total revenue
	(RMB' million)		(RMB' million)	
Autonomous driving solutions and products				
– AD domain controller solutions	1,134.61	90.93%	1,115.04	91.67%
– Intelligent front cameras	57.97	4.65%	15.40	1.27%
Subtotal	1,192.58	95.58%	1,130.44	92.94%
Autonomous driving-related R&D services	41.66	3.34%	63.11	5.19%
Sales of PCBA products	13.48	1.08%	22.74	1.87%
Total	1,247.72	100.00%	1,216.29	100.00%

Cost of Sales and Services

Cost of sales and services for the year ended December 31, 2024 was RMB1,156.90 million, representing an increase of RMB61.56 million or 5.62% as compared to that for the corresponding period in 2023. Among which, cost of sales of autonomous driving solutions and products for the year ended December 31, 2024 was RMB1,113.75 million representing an increase of RMB76.41 million or 7.37% as compared to that for the corresponding period in 2023; cost of rendering of autonomous driving-related R&D services was RMB31.78 million, representing a decrease of RMB4.75 million or 13% as compared to that for the corresponding period in 2023; and cost of sales of PCBA products was RMB11.37 million, representing a decrease of RMB10.10 million or 47.05% as compared to that for the corresponding period in 2023.

Gross Profit

Gross profit for the year ended December 31, 2024 was RMB90.83 million, representing a decrease of RMB30.13 million or 24.91% as compared to that for the corresponding period in 2023. Of which, gross profit of sales of autonomous driving solutions and products for the year ended December 31, 2024 was RMB78.83 million, representing a decrease of RMB14.27 million or 15.33% as compared to that for the corresponding period in 2023; gross profit of rendering of autonomous driving-related R&D services was RMB9.89 million, representing a decrease of RMB16.70 million or 62.82% as compared to that for the corresponding period in 2023; and gross profit of sales of PCBA products was RMB2.11 million, representing an increase of RMB0.84 million or 66.95% as compared to that for the corresponding period in 2023. Due to the adjustment in the Company's market pricing strategy, the sales price of the Company's autonomous driving controller product, SupervisionTM, was optimized, resulting in a decrease in the Company's gross profit for 2024 as compared to that for 2023.

Gross profit margin for the year ended December 31, 2024 was 7.28% (2023: 9.94%).

Other Income

Other income primarily consists of government subsidies for the Group's R&D expenditures and manufacturing bases. For the year ended December 31, 2024, other income amounted to RMB5.91 million, representing a decrease of 23.03% as compared with RMB7.68 million for the year ended December 31, 2023. The decrease was mainly due to the decrease in government subsidies.

Other (Losses)/Gains – Net

Net other (losses)/gains primarily consist of (i) net fair value losses or gains on financial assets at fair value through profit or loss (“FVTPL”) in relation to losses or gains from our wealth management; (ii) net foreign exchange losses or gains; (iii) net fair value losses or gains on derivative financial instruments; (iv) net gains or losses on disposals of property, plant and equipment and intangible assets; and (v) others. Net other losses for the year ended December 31, 2024 amounted to RMB6.97 million, as compared with net other gains of RMB5.72 million for the year ended December 31, 2023. The change was mainly due to a decrease in investment income from wealth management products and an increase in foreign exchange losses.

Selling Expenses

Selling expenses for the year ended December 31, 2024 amounted to RMB30.39 million, representing a decrease of 5.86% as compared with RMB32.28 million for the year ended December 31, 2023. The decrease was mainly attributable to a decrease in share-based payments to sales and marketing personnel. As a percentage of revenue, the selling expenses decreased from 2.65% for the year ended December 31, 2023 to 2.44% for the year ended December 31, 2024, down by 0.21 percentage point.

Administrative Expenses

Administrative expenses for the year ended December 31, 2024 amounted to RMB57.50 million, representing a decrease of 31.48% as compared with RMB83.92 million for the year ended December 31, 2023. The decrease was mainly due to a decrease in share-based payments to administrative personnel and a decrease in the listing expenses. As a percentage of revenue, the administrative expenses decreased from 6.90% for the year ended December 31, 2023 to 4.61% for the year ended December 31, 2024, down by 2.29 percentage point.

Research and Development Expenses

Research and development expenses for the year ended December 31, 2024 amounted to RMB280.65 million, representing an increase of 29.56% as compared with RMB216.62 million for the year ended December 31, 2023. The increase was mainly due to the increase in talent investments as the Company actively attracted top-notch autonomous driving algorithm talents in the market. The Company is dedicated to developing, deploying upper-layer application model algorithms, and establishing a full-stack self-developed system for the entire lifecycle data closed loop of service products. As a percentage of revenue, the research and development expense increased from 17.81% for the year ended December 31, 2023 to 22.49% for the year ended December 31, 2024, up by 4.68 percentage point.

Finance Income

Finance income primarily consists of interest income on cash at bank. Finance income for the year ended December 31, 2024 amounted to RMB5.11 million, representing an increase of RMB2.00 million as compared with RMB3.11 million for the year ended December 31, 2023.

Finance Costs

Finance costs for the year ended December 31, 2024 amounted to RMB5.25 million, representing an increase of RMB3.90 million as compared with RMB1.35 million for the year ended December 31, 2023. The increase was mainly attributable to increase in the principal amount of bank borrowings in 2024 and the interest thereon.

Loss Before Tax

As a result of the foregoing, loss before tax for the year ended December 31, 2024 amounted to RMB288.34 million, representing an increase of 47.78% as compared with RMB195.11 million for the year ended December 31, 2023.

Loss for the Year

As a result of the foregoing, loss for the year ended December 31, 2024 amounted to RMB288.34 million, representing an increase of 47.78% as compared with RMB195.11 million for the year ended December 31, 2023.

Loss for the Year Attributable to the Equity Holders of the Company

For the year ended December 31, 2024, loss for the year attributable to owners of the parent amounted to RMB288.32 million, representing an increase of 47.78% as compared with RMB195.10 million for the year ended December 31, 2023.

IV. LIQUIDITY AND CAPITAL RESOURCES

Cash Flows

For the year ended December 31, 2024, the Group's net cash outflow used in operating activities was RMB404.98 million, as compared with RMB261.79 million of its net cash outflow used in operating activities for the year ended December 31, 2023. The net cash outflow of operating activities increased by RMB143.19 million year-on-year, which was mainly attributable to the rise in research and development labor cost expenditures, and the increased technical development expenses for investing in new high-level computing power research and development technologies.

For the year ended December 31, 2024, the Group's net cash outflow of investing activities was RMB264.82 million, as compared with RMB118.34 million of its net cash outflow used in investing activities for the year ended December 31, 2023. The net cash outflow of investing activities increased by RMB146.48 million year-on-year, which was mainly attributable to the increase in payments for construction projects, intangible assets and financial assets measured at fair value through profit or loss.

For the year ended December 31, 2024, the Group's net cash inflow generated from financing activities was RMB127.16 million, as compared with RMB736.48 million of its net cash inflow generated from financing activities for the year ended December 31, 2023. The cash inflow generated from financing activities was mainly attributable to the placing and bank borrowings in 2024.

Net Current Assets

As at December 31, 2024, the Group's net current assets amounted to RMB673.13 million, as compared to its net current assets of RMB998.43 million as at December 31, 2023.

Inventories

The Group's inventories consist of (i) raw materials; (ii) work in progress; and (iii) finished goods. As at December 31, 2024, the Group's inventories amounted to RMB298.94 million, representing an increase of 16.76% as compared with RMB256.02 million as at December 31, 2023. The increase in the inventories amount was mainly due to the combined effect of increase of finished goods and decrease of raw materials.

As at December 31, 2024, the Group's average inventory turnover days (the average inventory turnover days is based on the average of opening and closing inventory balances divided by the cost of sales and services for that year and multiplied by 360 days) were 87 days (2023: 87 days).

Borrowings

As at December 31, 2024, the Group's borrowings were RMB314.90 million, representing an increase of 39.55% as compared with RMB225.66 million as at December 31, 2023. All the Group's bank loans and other borrowings are denominated in Renminbi.

The following table sets forth the Group's bank loans and other borrowings as at the dates indicated:

	As at December 31,	
	2024	2023
	RMB'000	RMB'000
Borrowings included in non-current liabilities:		
<i>Secured</i>		
Bank borrowings	<u>170,173</u>	<u>24,159</u>
Borrowings included in current liabilities:		
<i>Unsecured</i>		
Bank borrowings	114,500	140,967
Other loans	30,000	35,414
Bills payable	–	24,933
Interest payables	<u>225</u>	<u>184</u>
	<u>144,725</u>	<u>201,498</u>
Total borrowings	<u>314,898</u>	<u>225,657</u>

Gearing Ratio

Gearing ratios, which is calculated as as total borrowings divided by total equity of the Group, are 34.87% and 20.08% as at December 31, 2024 and December 31, 2023, respectively.

Pledge of Assets

The Group has pledged its land use rights with carrying amounts of approximately RMB30.52 million to bank as the security for the long-term bank borrowings of RMB170.17 million as at December 31, 2024.

Capital Expenditures and Investment

The Group's capital expenditures comprise primarily expenditures on land use rights, property, plant and equipment, and intangible assets. For the year ended December 31, 2024, the Group's total capital expenditures were RMB218.72 million, representing an increase of 159.39% as compared with RMB84.32 million for the year ended December 31, 2023.

Treasury Policies and Exposure to Fluctuation in Exchange Rates

Foreign exchange risk arises when future commercial transactions or recognised assets and liabilities are denominated in a currency that is not the Group entities' functional currency. The Group's businesses are principally conducted in RMB. The majority of assets is denominated in RMB. The majority of non-RMB assets and liabilities are cash and cash equivalents, trade receivables and trade payables denominated in HKD, USD and EUR. The Group is subject to foreign exchange risk arising from future commercial transactions and recognised assets and liabilities which are denominated in non-RMB and net investment in foreign operations.

The Group manages its foreign exchange risk by closely monitoring the movement of the foreign currency rates. Cash repatriation from the PRC are subject to the rules and regulations of foreign exchange control promulgated by the PRC government. Additionally, the Group enters into forward exchange contracts to mitigate the foreign exchange risk. The Group did not have other significant exposure to foreign exchange risk.

Contingent Liabilities

As at December 31, 2024, the Group did not have any material contingent liabilities.

Staff Cost and Employee Remuneration Policy

As at December 31, 2024, the Group had 575 employees (as at December 31, 2023: 380 employees). Staff cost of the Group decreased by 3.25% from RMB247.78 million for the year ended December 31, 2023 to RMB239.97 million for the year ended December 31, 2024, which was mainly due to the combined effect of increase in research and development labor costs caused, as well as no share-based payments in 2024.

We are committed to establishing a competitive and fair remuneration. In order to effectively motivate our employees, we continually refine our remuneration and incentive policies through market research. We conduct annual performance evaluation for our employees to provide feedback on their performance. Compensation for our staff typically consists of base salary and a performance-based bonus. Certain equity incentive schemes were also established for the benefit of our Directors, supervisors, senior management and core employees as remuneration for their services provided to us and to incentivize and reward the eligible persons who have contributed to the success of our Company. For details of the incentive schemes, please refer to the section headed "Equity Incentive Scheme" contained in the Company's annual report to be published in due course.

V. SIGNIFICANT INVESTMENTS

As of December 31, 2024, the Group did not have any significant investments. As of December 31, 2024, save as disclosed in the section headed “Use of Proceeds from the Global Offering” in this announcement, the Group did not have other future plans for material investments and capital assets.

VI. MATERIAL ACQUISITIONS AND DISPOSALS

The Group had no material acquisitions or disposal of subsidiaries, associates and joint ventures during the Reporting Period.

VII. FUTURE STRATEGY AND PROSPECTS

The year 2025 will be the first year of universal intelligent driving. In the next few years, the penetration rate of passenger cars with autonomous driving functions will increase significantly in China and even globally, even extending to a large number of economy car models priced below RMB100,000. Therefore, the cost-effectiveness of solutions is particularly important in the selection of suppliers for economy passenger vehicles. We have deployed high cost-effective solutions on different chip platforms with low to medium computing power, medium computing power, and medium to high computing power to meet the diversified needs of different vehicle companies and different vehicle models.

In 2024, China’s vehicle exports surged by 19.3% year-on-year, reaching a record high of 5.859 million units. With the products and brand power of local vehicle enterprises have been improved continuously and received high recognition from domestic and overseas end-users, the export of which, therefore, is projected to increase notably. As end customers’ awareness is becoming more comprehensive and acceptance of autonomous driving is getting higher, there is a growing demand for autonomous driving; especially for new-energy vehicles, the autonomous driving function is becoming an integral part reflective of its intelligence.

Continue to pioneer the large-scale commercialization of autonomous driving solutions and products

We will continuously optimise and refine our existing product lines, and expand our in-house manufacturing capacity to reinforce our business expansion; and provide more cost-effective solutions and products to our customers through technological advancement and supply chain optimisation.

Increase our R&D investment to solidify our leading position

The Company focuses on delivering large-scale commercial autonomous driving solutions to the market. Through the development and integration of many technologies and systems such as multisensor data perception fusion technology, decision-making and planning technology, control and execution technology, positioning technology, human-computer interaction scheme and simulation system, we endow autonomous driving hardware products and vehicles with intelligent driving capability. At present, we have independently developed core algorithms, middleware and cloud platforms. In the future, we will continue to optimize software, improve technical barriers and cost performance of solutions, and continuously optimize the core competitiveness of our products. In terms of algorithms, we have deployed the underlying R&D of end-to-end and large multimodal models, and optimized the architecture through DeepSeek. The products and services powered by these algorithms will be put into series production in 2025. We will enhance our self-developed middleware to make it more automatic and programmatic, and provide a more user-friendly interface for more third-party developers. In terms of computing platforms, we will develop a new generation of computing frameworks that are compatible with our algorithm iterations in order to achieve a seamless integration of hardware and software. Meanwhile, we will invest in the R&D of integrated cockpit-driving platform and vehicle central computing platform.

Continue to deepen, expand, and diversify our OEM customer base

We will deepen our cooperation with existing customers and strive to expand our products and solutions to more vehicle models. Meanwhile, we will continue to increase the size of our sales and marketing teams to achieve breakthroughs in key potential customers. In addition, we will work with our strategic partners to expand our OEM customer base.

Enhance our value chain integration capabilities

We will continue to cooperate with existing international first-class system-on chips (“SoC”) suppliers, and actively promote the R&D and commercialization of products and solutions of Horizon Journey system chips based on our strategic cooperation with Horizon Robotics, a company whose shares are listed on the Main Board of The Stock Exchange of Hong Kong Limited (“**Stock Exchange**”) (stock code: 09660). We intend to deepen our cooperation with sensor suppliers to create modular solutions to shorten the development cycle and enhance the adaptability of our solutions. In addition, we plan to strengthen our vertical integration capabilities through mergers and acquisitions of quality companies that can create synergies.

Build an international brand with a global presence

We will adhere to our overseas expansion strategy by serving Chinese OEMs’ overseas business on the one hand, and actively developing international customers on the other. In 2025, our products and solutions will follow our customers to North America, Korea, Japan and other countries, and we are therefore actively planning for a global sales and service network. The Company accelerates its integration into the direct supply system of overseas automakers through the establishment of an overseas business division, technical adaptation, ecosystem collaboration, and data compliance capabilities. In addition, we will leverage the resources provided by our strategic overseas shareholders to explore new overseas business opportunities and establish more international strategic alliances. In order to better serve Chinese vehicle companies going overseas and international customers, we are also actively preparing for overseas production and manufacturing bases.

Actively explore more diversified business models

Our current solutions focus primarily on autonomous driving of passenger vehicles. In addition, there are also broad application prospects for autonomous driving solutions in special scenarios such as public transportation, freight logistics, agricultural machinery, industry and warehousing, mines and ports, which can help improve transportation efficiency, reduce injuries and lower costs. Meanwhile, as a leading company in the autonomous driving industry, the Company possesses significant advantages in technology, data, algorithms, hardware, safety, ecosystem, market, and cross-domain applications, and is actively expanding its presence in the field of embodied intelligence.

ANNUAL GENERAL MEETING AND CLOSURE OF REGISTER OF MEMBERS

The annual general meeting of the Company will be held on Friday, June 20, 2025 (the “AGM”) and the notice thereof will be available to the shareholders of the Company (“Shareholders”) in a manner as required by the Rules Governing the Listing of Securities on the Stock Exchange (the “Listing Rules”) and the Articles of Association. In order to determine Shareholders’ entitlement to attend and vote at the AGM, the register of members of the Company will be closed from Tuesday, June 17, 2025 to Friday, June 20, 2025 (both days inclusive). In order to be entitled to attend and vote at the AGM, unregistered holders of shares of the Company should ensure that all the share transfer documents together with the relevant share certificates are lodged with the Company’s Hong Kong share registrar, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17/F, Hopewell Centre, 183 Queen’s Road East, Wan Chai, Hong Kong no later than 4:30 p.m. on Monday, June 16, 2025. All Shareholders whose names appear on the register of members of the Company on Friday, June 20, 2025 are entitled to attend and vote at the AGM.

FINAL DIVIDEND

The Board does not recommend the payment of a final dividend for the year ended December 31, 2024. (2023: Nil)

USE OF PROCEEDS FROM THE GLOBAL OFFERING

On December 20, 2023, the H Shares of the Company were listed on the Main Board of the Stock Exchange with 22,116,000 Offer Shares under the Global Offering, comprising the Hong Kong Public Offering of 2,211,600 Hong Kong Offer Shares and the International Offering of 19,904,400 International Offer Shares at a nominal value of RMB1.00 per H Share. Offer Shares were issued to and subscribed by Hong Kong and overseas investors through the Global Offering at the Offer Price of HK\$29.65 per H Share (excluding brokerage fee of 1.0%, SFC transaction levy of 0.0027%, Stock Exchange trading fee of 0.00565% and AFRC transaction levy of 0.00015%).

The net proceeds from the Global Offering, after deduction of the underwriting commission, fees and estimated expenses payable by us in connection with the Global Offering and other expenses, were approximately RMB575.83 million (equivalent to approximately HK\$595.23 million). The following table sets forth the Company's use of the proceeds from the Global Offering and the planned timetable as at December 31, 2024:

	Approximate percentage of the total net proceeds	Net proceeds from the Global Offering (RMB' million)	Unutilized net proceeds as of January 1, 2024 (RMB' million)	Actual use of proceeds during the Reporting Period (RMB' million)	Unutilized net proceeds as of December 31, 2024 (RMB' million)	Expected time to utilize the remaining net proceeds in full
Enhancing research and development of our autonomous driving solutions and products	45.0%	259.12	259.12	215.24	43.88	By the end of the year 2025
Capital expenditure in relation to our R&D headquarters, manufacturing premises and new production lines	35.0%	201.54	201.54	183.11	18.43	By the end of the year 2025
Expanding our sales and service network	10.0%	57.58	57.58	13.56	44.03	By the end of the year 2025
Working capital and general corporate purposes	10.0%	57.58	57.58	57.58	0	Fully utilized
Total (Note)	100.0%	575.83	575.83	469.49	106.34	

Note: Any discrepancies in the above table between the total shown and the sum of the amounts listed are due to rounding.

As at December 31, 2024, the unutilized net proceeds from the Global Offering amounted to approximately RMB106.34 million. The Group will utilize the net proceeds in accordance with the intended purposes and the same portion as stated in the Prospectus. The expected timeline is based on the best estimation of future market conditions and business operations made by the Company currently, and will be subject to change based on future development of market conditions and actual business needs. Should there be any change in the intended use of the unutilized net proceeds, the Company will make appropriate announcement(s) in due course.

PLACING OF H SHARES UNDER GENERAL MANDATE DURING THE REPORTING PERIOD

On November 25, 2024, the Company entered into a placing agreement (the “**Placing Agreement**”) with Guotai Junan Securities (Hong Kong) Limited (as the placing agent) (the “**Placing Agent**”). Pursuant to the Placing Agreement, the Placing Agent has conditionally agreed to procure, on a best effort basis, not less than six placees who are professional, institutional and/or other investors and who were independent of, and not connected with the Company and its connected persons, to purchase up to an aggregate of 4,427,000 new H Shares (the “**Placing Shares**”) at the placing price of HK\$17.58 per Placing Share, exclusive of applicable brokerage, trading fees, transaction fees and levies.

On December 2, 2024, the Company completed the allotment and issue of the Placing Shares under general mandate to not less than six placees pursuant to the Placing Agreement. The net proceeds from the placing (after deducting all fees, costs and expenses incurred by the Company in connection with the placing including the commission and levies) amount to approximately HK\$73.28 million. The net proceeds from the placing are intended to be used by the Group for (i) enhancing R&D of the advanced intelligent driving and automated driving and cockpit integrated solutions and products; (ii) capital expenditure in relation to enhancing the R&D and manufacturing facilities; (iii) expanding the overseas sales and service network; and (iv) working capital and general corporate purposes.

For further details of the placing, please refer to the Company’s announcements dated November 25, 2024 and December 2, 2024.

The following table sets forth the Company’s use of the proceeds from the placing and the planned timetable as at December 31, 2024:

	Approximate percentage of the total net proceeds	Net proceeds from the placing (HK\$’ million)	Actual use of proceeds during the Reporting Period (HK\$’ million)	Unutilized net proceeds as of December 31, 2024 (HK\$’ million)	Expected time to utilize the remaining net proceeds in full
Enhancing R&D of the advanced intelligent driving and automated driving and cockpit integrated solutions and products	40.0%	29.30	21.04	8.26	By the end of January 2025
Capital expenditure in relation to enhancing the R&D and manufacturing facilities	20.0%	14.66	14.66	0	Fully utilized
Expanding the overseas sales and service network	20.0%	14.66	2.30	12.36	By the end of February 2025
Working capital and general corporate purposes	20.0%	14.66	9.35	5.31	By the end of January 2025
Total (Note)	100.0%	73.28	47.35	25.93	

Note: Any discrepancies in the above table between the total shown and the sum of the amounts listed are due to rounding.

As at December 31, 2024, the unutilized net proceeds from the placing amounted to approximately HK\$25.93 million, and as at the date of this announcement, all of net proceeds has been utilized in accordance with such intended purposes as mentioned above.

PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES

Neither the Company, nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities (including sale or transfer of treasury shares) at any time during the Reporting Period.

As at December 31, 2024, the Company did not hold any treasury shares.

SIGNIFICANT EVENTS AFTER THE REPORTING PERIOD

H Share Full Circulation

The Company submitted an application to the China Securities Regulatory Commission (the "CSRC") in respect of the conversion of 100,066,170 of its domestic shares into H shares (the "Conversion"), and the Company received a filing notice (the "Filing Notice") issued by the CSRC regarding the Company's proposed implementation of the H share full circulation on January 10, 2025. On January 23, 2025, the Stock Exchange granted approval for the listing of and permission to deal in 100,066,170 H shares. On February 6, 2025 the conversion of 100,066,170 domestic shares into H shares had been completed, and listing of such shares on the Stock Exchange commenced on February 7, 2025. For more related details, please refer to the Company's announcements dated October 25, 2024, January 10, 2025, January 23, 2025 and February 6, 2025.

Placing of H Shares under General Mandate in 2025

On February 8, 2025, the Company entered into a placing agreement (the "2025 Placing Agreement") with the Placing Agent. Pursuant to the 2025 Placing Agreement, the Placing Agent has conditionally agreed to procure, on a best effort basis, not less than six placees who are professional, institutional and/or other investors and who were independent of, and not connected with the Company and its connected persons, to purchase up to an aggregate of 11,190,200 new H Shares at the placing price of HK\$20.88 per H Share, exclusive of applicable brokerage, trading fees, transaction fees and levies (the "2025 Placing").

On February 17, 2025, the Company completed the allotment and issue of the 11,190,200 new H Shares under general mandate to not less than six placees pursuant to the 2025 Placing Agreement. The net proceeds from the placing (after deducting all fees, costs and expenses incurred by the Company in connection with the placing including the commission and levies) amount to approximately HK\$228.37 million. The net proceeds from the placing are intended to be used by the Group for (i) enhancing R&D of the advanced intelligent driving and automated driving and cockpit integrated solutions and products, (ii) capital expenditure in relation to enhancing the R&D and manufacturing facilities, (iii) expanding the overseas sales and service network, and (iv) working capital and general corporate purposes.

For further details of the 2025 Placing, please refer to the Company's announcements dated February 9, 2025 and February 17, 2025.

MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the “**Model Code**”) set out in Appendix C3 to the Listing Rules as its code of conduct regarding Directors’ and supervisors’ securities transactions. After making specific enquiries to all the Directors and supervisors, each of them has confirmed that they have complied with the Model Code throughout the Reporting Period.

CORPORATE GOVERNANCE PRACTICE OF THE COMPANY

The Company is committed to maintaining high standards of corporate governance to safeguard the interests of the Shareholders and to enhance corporate value and accountability. The Company has adopted the Corporate Governance Code set out in Appendix C1 to the Listing Rules (the “**CG Code**”) as its own code of corporate governance. Save as below, the Company has complied with all applicable code provisions under the CG Code during the Reporting Period. The Company will continue to review and monitor its corporate governance practices to ensure compliance with the CG Code.

Mr. Song Yang is currently both the chief executive officer of the Company and the chairman of the Board. Code provision C.2.1 of the CG Code stipulates that the roles of chairman and chief executive should be segregated and should not be performed by the same individual. The Board believes that vesting the roles of both chief executive officer and chairman of the Board in the same person has the benefit of ensuring consistent leadership and efficient discharge of executive functions within the Group. The Group considers that the balance of power and authority of the present arrangement will not be impaired as the Board comprises eight other experienced and high-calibre individuals including another two executive Directors, three non-executive Director and three independent non-executive Directors who would be able to offer advice from various perspectives. In addition, for major decisions of the Group, the Board will make consultations with appropriate Board committees and senior management. Therefore, the Directors consider that the present arrangement is beneficial to and in the interest of the Company and the Shareholders as a whole and the deviation from code provision C.2.1 of the CG Code is appropriate in such circumstance.

REVIEW OF ANNUAL RESULTS BY AUDIT COMMITTEE

The audit committee of the Company (“**Audit Committee**”) comprises three independent non-executive Directors, namely Mr. Liu Yong (chairman of the Audit Committee), Dr. Zhang Weigong and Ms. Xue, Rui Shirley.

The Audit Committee has reviewed the consolidated financial statements and annual results of the Group for the year ended December 31, 2024. The Audit Committee has also discussed matters with respect to the accounting policies and practices adopted by the Company, the risk management and internal control with members of senior management and the external auditor of the Company, and considers the risk management and internal control systems to be effective and adequate.

SCOPE OF WORK OF THE AUDITOR

The financial figures in respect of the Group's consolidated statement of financial position as at December 31, 2024, the consolidated statement of profit or loss and other comprehensive income and the related notes thereto for the year ended December 31, 2024 as set out in the preliminary results announcement have been compared by the Group's auditor, KPMG, to the amounts set out in the Group's audited consolidated financial statements for the year ended December 31, 2024 and the amounts were found to be in agreement. The work performed by KPMG in this respect did not constitute an audit, review or other assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong standards on Assurance Engagements issued by the Hong Kong institute of Certified Public Accountants and consequently no opinion or assurance conclusion has been expressed by KPMG.

PUBLICATION OF ANNUAL RESULTS ANNOUNCEMENT AND ANNUAL REPORT

This announcement will be published on the websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.imotion.ai). The annual report of the Company for the year ended December 31, 2024 containing all the information required by the Listing Rules will be despatched to the Shareholders requiring the printed copy and made available on the same websites in due course.

(2) PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION AND THE PROCEDURAL RULES

On March 26, 2025, the Board approved the resolutions in relation to the proposed amendments to the Articles of Association of the Company (the “**Articles of Association**”), the Procedural Rules of the Shareholders' General Meeting and the Procedural Rules of the Board of Directors (the “**Proposed Amendments**”).

Having considered the amended Company Law of the People's Republic of China which took effect on July 1, 2024, and in combination with the actual situation of the Company, it is proposed that the relevant provisions of the Articles of Association, the Procedural Rules of the Shareholders' General Meeting and the Procedural Rules of the Board of Directors shall be amended accordingly.

The Proposed Amendments shall be proposed to the general meeting of the Company for consideration. A circular containing, among other things, the full text of the Proposed Amendments together with the notice of the general meeting will be despatched to the Shareholders requiring the printed copy and made available on the websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.imotion.ai) in due course.

By order of the Board
iMotion Automotive Technology (Suzhou) Co., Ltd.
SONG Yang
Chairman of the Board and Executive Director

Hong Kong, March 26, 2025

As of the date of this announcement, the Board comprises Mr. SONG Yang as chairman of the Board and executive Director; Mr. LU Yukun and Mr. LI Shuangjiang as executive Directors; Mr. LI Chengsheng, Mr. TAO Zhixin and Mr. YANG Yuankui as non-executive Directors; and Dr. ZHANG Weigong, Mr. LIU Yong and Ms. XUE, Rui Shirley as independent non-executive Directors.