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XPeng Inc.
小鹏汽車有限公司*
(A company controlled through weighted voting rights and incorporated in the Cayman Islands with limited liability)
(Stock Code: 9868)

OVERSEAS REGULATORY ANNOUNCEMENT

This announcement is made pursuant to Rule 13.10B of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

XPeng Inc. has filed with the Securities and Exchange Commission of the United States its annual report on Form 20-F for the fiscal year ended December 31, 2024.

For details of the filing, please refer to the attached Form 20-F.

By order of the Board
XPeng Inc.
Xiaopeng He
Chairman

Hong Kong, Wednesday, April 16, 2025

As at the date of this announcement, the board of directors of the Company comprises Mr. Xiaopeng He as an executive Director, Mr. Ji-Xun Foo as a non-executive Director, and Mr. Donghao Yang, Ms. Fang Qu and Mr. HongJiang Zhang as independent non-executive Directors.

***** *For identification purpose only*

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 20-F

(Mark One)

☐ **REGISTRATION STATEMENT PURSUANT TO SECTION 12(b) OR 12(g) OF THE SECURITIES EXCHANGE ACT OF 1934**

OR

☒ **ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the fiscal year ended December 31, 2024

OR

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

OR

☐ **SHELL COMPANY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

Date of event requiring this shell company report

For the transition period from_____ to _____

Commission file number 001-39466

XPeng Inc.
(Exact name of Registrant as specified in its charter)

Cayman Islands
(Jurisdiction of incorporation or organization)

No. 8 Songgang Road, Changxing Street
Cencun, Tianhe District, Guangzhou
Guangdong 510640
People's Republic of China
(Address of principal executive offices)

Hongdi Brian Gu, Honorary Vice Chairman and Co-President
Telephone: +86-20-6680-6680
Email: ir@xiaopeng.com
At the address of the Company set forth above
(Name, Telephone, E-mail and/or Facsimile number and Address of Company Contact Person)

Securities registered or to be registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
American Depositary Shares, each representing two Class A ordinary shares	**XPEV**	**New York Stock Exchange**
Class A ordinary shares, par value US$0.00001 per share*		**New York Stock Exchange**

* Not for trading on the New York Stock Exchange, but only in connection with the listing on the New York Stock Exchange of American depositary shares.

Securities registered or to be registered pursuant to Section 12(g) of the Act
None
(Title of Class)

Securities for which there is a reporting obligation pursuant to Section 15(d) of the Act
None
(Title of Class)

Indicate the number of outstanding shares of each of the issuer's classes of capital or common stock as of the close of the period covered by the annual report.

1,550,469,464 Class A ordinary shares were outstanding as of December 31, 2024
348,708,257 Class B ordinary shares were outstanding as of December 31, 2024

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. ☒ Yes ☐ No

If this report is an annual or transition report, indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934. ☐ Yes ☒ No

Indicate by check mark whether the registrant: (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. ☒ Yes ☐ No

Indicate by check mark whether the registrant has submitted every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). ☒ Yes ☐ No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer	☒	Accelerated filer	☐
Non-accelerated filer	☐	Emerging growth company	☐

If an emerging growth company that prepares its financial statements in accordance with U.S. GAAP, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards† provided pursuant to Section 13(a) of the Exchange Act. ☐

† The term "new or revised financial accounting standard" refers to any update issued by the Financial Accounting Standards Board to its Accounting Standards Codification after April 5, 2012.

Indicate by check mark whether the registrant has filed a report on and attestation to its management's assessment of the effectiveness of its internal control over financial reporting under Section 404(b) of the Sarbanes-Oxley Act (15 U.S.C. 7262(b)) by the registered public accounting firm that prepared or issued its audit report. ☒

If securities are registered pursuant to Section 12(b) of the Act, indicate by check mark whether the financial statements of the registrant included in the filing reflect the correction of an error to previously issued financial statements. ☐

Indicate by check mark whether any of those error corrections are restatements that required a recovery analysis of incentive-based compensation received by any of the registrant's executive officers during the relevant recovery period pursuant to §240.10D-1(b). ☐

Indicate by check mark which basis of accounting the registration has used to prepare the financial statements included in this filing:

U.S. GAAP ☒	International Financial Reporting Standards as issued by the International Accounting Standards Board ☐	Other ☐

If "Other" has been checked in response to the previous question, indicate by check mark which consolidated financial statement item the registrant has elected to follow. ☐ Item 17 ☐ Item 18

If this is an annual report, indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Securities Exchange Act of 1934). ☐ Yes ☒ No

(APPLICABLE ONLY TO ISSUERS INVOLVED IN BANKRUPTCY PROCEEDINGS DURING THE PAST FIVE YEARS)

Indicate by check mark whether the registrant has filed all documents and reports required to be filed by Sections 12, 13 or 15(d) of the Securities Exchange Act of 1934 subsequent to the distribution of securities under a plan confirmed by a court. ☐ Yes ☐ No

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CONVENTIONS THAT APPLY TO THIS ANNUAL REPORT ON FORM 20-F

Except where the context otherwise requires, references in this annual report to:

- "ADAS" are to advanced driver assistance systems, which are designed to assist drivers in driving and parking functions;
- "ADSs" are to American depositary shares, each of which represents two Class A ordinary shares;
- "affiliate shareholders of the Group VIEs" are to (i) the individual shareholders of the Group VIEs, (ii) Kuntu Technology, which is ultimately beneficially owned by Ms. Chuxu Li; (iii) Guangzhou Xuetao; and (iv) the individual shareholder of Guangzhou Xuetao, being Mr. Yeqing Zheng. For avoidance of doubt, affiliate shareholders of the Group VIEs do not include (i) Xiaopeng Technology, which is our subsidiary and holds 50% of equity interest in Zhipeng IoV, or (ii) Xiaopeng Chuxing, which is our subsidiary and holds 50% of equity interest in Yidian Chuxing;
- "App" are to computer program designed to run on smartphones and other mobile services;
- "BIS" are to the Bureau of Industry and Security of the U.S. Department of Commerce;
- "Chengxing Zhidong" are to Guangzhou Chengxing Zhidong Automotive Technology Co., Ltd. (广州橙行智动汽车科技有限公司);
- "China" and the "PRC" are to the People's Republic of China, including Hong Kong Special Administrative Region and Macau Special Administrative Region, unless referencing specific laws and regulations adopted by the PRC and other legal or tax matters only applicable to mainland China; "PRC subsidiaries" and "PRC entities" refer to entities established in accordance with PRC laws and regulations;
- "CLTC" are to China Light-Duty Vehicle Test Cycle, which is developed by the China Automotive Technology & Research Center to replace European testing procedures for fuel/energy consumption and emissions;
- "Deposit Agreement" are to the agreement among the Company, the depositary and the holders and beneficial owners of ADSs in relation to the deposit of Class A ordinary shares for the issuance of ADSs;
- "DiDi" are to DiDi Global Inc., an exempted company with limited liability incorporated under the Laws of the Cayman Islands and its subsidiaries;
- "DiDi Share Purchase Agreement" are to the Share Purchase Agreement, dated August 27, 2023, among the Company, DiDi and Da Vinci Auto Co. Limited in relation to the Company's acquisition of the entire issued share capital of Xiaoju Smart Auto Co. Limited, in consideration for the Company's newly issued Class A ordinary shares;
- "DiDi Strategic Cooperation Agreement" are to the Strategic Cooperation Agreement, dated August 27, 2023, between the Company and DiDi relating to cooperation on, among others, the research and development of an A-class automobile vehicle;
- "Dogotix" are to Dogotix Inc., a company incorporated in the Cayman Islands with limited liability;
- "E/E architecture" or "EEA" are to electrical/electronic architecture;
- "E/E Architecture Technical Collaboration" are to the technical collaborations between the Company and the Volkswagen Group based on the Framework Agreement on E/E Architecture Technical Collaboration, dated April 17, 2024, and also the Master Agreement on E/E Collaboration, dated July 22, 2024.

- "EV" or "electric vehicle" are to the battery electric vehicle used for the carriage of passengers;
- "GIIA" are to Guangdong Intelligent Insurance Agency Co., Ltd. (广东智选保险代理有限公司, formerly known as Qingdao Miaobao Insurance Agency Co., Ltd.(青岛妙保保险代理有限公司));
- "the Group" are to XPeng Inc., the Group VIEs and their respective subsidiaries;
- "Group VIEs" are to (i) Zhipeng IoV, (ii) Yidian Chuxing, (iii) Xintu Technology and (iv) GIIA. Each of Zhipeng IoV, Yidian Chuxing, Xintu Technology and GIIA is a "Group VIE";
- "Guangzhou Xuetao" are to Guangzhou Xuetao Enterprise Management Co., Ltd. (广州雪涛企业管理有限公司);
- "HD" are to high definition;
- "HFCA Act" are to the Holding Foreign Companies Accountable Act;
- "Hong Kong Listing Rules" are to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, as amended or supplemented from time to time;
- "ICE" are to internal combustion engine;
- "individual shareholders of the Group VIEs" are to (i) Mr. Zhiyuan Chen, who holds 50% of equity interest in Zhipeng IoV, and (ii) Mr. Dawu Zhao, who holds 50% of equity interest in Yidian Chuxing;
- "Kuntu Technology" are to Guangzhou Kuntu Technology Co., Ltd. (广州鲲图科技有限公司);
- "LIDAR" are to light detection and ranging;
- "mid- to high-end segment" are to the segment in China's passenger vehicle market with prices ranging from RMB120,000 to RMB420,000, not including any government subsidy;
- "MIIT" are to the Ministry of Industry and Information Technology of the PRC;
- "MOF" are to the Ministry of Finance of the PRC;
- "MOST" are to the Ministry of Science and Technology of the PRC;
- "MPV" are to multi-purpose vehicle;
- "NEDC" are to New European Driving Cycle, which is designed to assess the emission levels of car engines and fuel economy in passenger vehicles;
- "NEV" are to new energy passenger vehicles, comprising of battery electrics vehicles, plug-in hybrid electric vehicles (including extended-range electric vehicles) and fuel cell electric vehicles;

- "OEM" are to automotive original equipment manufacturer;
- "ordinary shares" are to our Class A ordinary shares, US$0.00001 par value per share and Class B ordinary shares, US$0.00001 par value per share; each Class A ordinary share is entitled to one vote; and each Class B ordinary share is entitled to 10 votes;
- "OTA" are to Over-The-Air technology;
- "PCAOB" are to the U.S. Public Company Accounting Oversight Board;
- "RMB" or "Renminbi" are to the legal currency of China;
- "SAFE" are to State Administration of Foreign Exchange of the PRC;
- "Smart EV" are to electric vehicles with a rich array of connectivity, advanced driver assistance systems and smart technology features;
- "Subsidiaries" are to an entity controlled by XPeng Inc. and consolidated with XPeng Inc.'s results of operations due to XPeng Inc.'s equity interest in such entity, instead of contractual arrangements; for avoidance of doubt, the Group VIEs are not subsidiaries of XPeng Inc.;
- "SUV" are to sport utility vehicle;
- "US$," "U.S. dollars," or "dollars" are to the legal currency of the United States;
- "VMTUD" are to vehicle model technology under development;
- "Volkswagen China" are to Volkswagen (China) Investment Co., Ltd. (大众汽车（中国）投资有限公司), a company incorporated under the laws of the PRC;
- "Volkswagen Group" are to Volkswagen AG, a company incorporated under the laws of Germany with limited liability, the shares of which are listed on Frankfurt Stock Exchange in Germany and all of its subsidiaries (including Volkswagen China and Volkswagen Nominee);
- "Volkswagen Investment" are to the investment by the Volkswagen Group pursuant to the VW Share Purchase Agreement;
- "Volkswagen Nominee" are to Volkswagen Finance Luxemburg S.A., a company incorporated under the laws of Luxembourg;
- "VW Share Purchase Agreement" are to the Share Purchase Agreement, dated July 26, 2023, among the Company, Volkswagen China and Volkswagen Nominee, pursuant to which Volkswagen China (or Volkswagen Nominee) agreed to subscribe 4.99% of the total issued and outstanding ordinary shares of the Company (with a cap of 94,666,666 Class A ordinary shares) upon the completion of the Volkswagen Investment;
- "VW Technical Framework Agreement" are to the Technical Framework Agreement, dated July 26, 2023, between Xiaopeng Motors and Volkswagen China in respect of the strategic technical collaboration between the Company and the Volkswagen Group;
- "Xiaopeng Chuxing" are to Guangzhou Xiaopeng Zhihui Chuxing Technology Co., Ltd. (广州小鹏智慧出行科技有限公司);
- "Xiaopeng Motors" are to Guangdong Xiaopeng Motors Technology Group Co., Ltd. (广东小鹏 汽车科技集团有限公司), formerly known as Guangdong Xiaopeng Motors Technology Co., Ltd. (广东小鹏汽车科技有限公司);

- "Xiaopeng Motors Sales" are to Xiaopeng Motors Sales Co., Ltd. (小鹏汽车销售有限公司);
- "Xiaopeng Technology" are to Guangzhou Xiaopeng Motors Technology Co., Ltd. (广州小鹏汽车科技有限公司);
- "Xintu Technology" are to Guangzhou Xintu Technology Co., Ltd. (广州欣图科技有限公司);
- "XNGP" are to XPENG Navigation Guided Pilot, which is our full-scenario ADAS solution offering advanced driver assistance;
- "XOS Tianji" are to our next-generation smart in-car operating system;
- "XPENG," "we," "us," "our company" and "our" are to XPeng Inc. and/or its subsidiaries, as the context requires;
- "XPower" are to our 800V electric drive system;
- "Yidian Chuxing" are to Guangzhou Yidian Zhihui Chuxing Technology Co., Ltd. (广州易点智慧出行科技有限公司);
- "Zhaoqing Xiaopeng" are to Zhaoqing Xiaopeng Automobile Co., Ltd. (肇庆小鹏汽车有限公司);
- "Zhaoqing Xiaopeng New Energy" are to Zhaoqing Xiaopeng New Energy Investment Co., Ltd. (肇庆小鹏新能源投资有限公司);
- "Zhipeng IoV" are to Guangzhou Zhipeng IoV Technology Co., Ltd. (广州智鹏车联网科技有限公司);
- "Zhipeng Kongjian" are to Jiangsu Zhipeng Kongjian Information Technology Co., Ltd. (江苏智鹏空间信息技术有限公司, formerly known as Jiangsu Zhitu Technology Co., Ltd. (江苏智途科技股份有限公司)); and
- "2019 Equity Incentive Plan" are to the equity incentive plan of our company approved and adopted in June 2020, as amended and restated in August 2020 and June 2021.

FORWARD-LOOKING INFORMATION

This annual report on Form 20-F contains statements of a forward-looking nature. All statements other than statements of historical facts are forward-looking statements. These forward-looking statements are made under the "safe harbor" provision under Section 21E of the Securities Exchange Act of 1934, as amended, or the Exchange Act, and as defined in the Private Securities Litigation Reform Act of 1995. These statements involve known and unknown risks, uncertainties and other factors that may cause our actual results, performance or achievements to be materially different from those expressed or implied by the forward-looking statements. In some cases, these forward-looking statements can be identified by words or phrases such as "may," "will," "expect," "anticipate," "aim," "estimate," "intend," "plan," "believe," "potential," "continue," "is/are likely to" or other similar expressions. The forward-looking statements included in this annual report relate to, among others:

- our goal and strategies;
- our expansion plans;

- our future business development, financial condition and results of operations;
- expected changes in our revenues, costs or expenditures;
- the trends in, and size of, China's EV market;
- our expectations regarding demand for, and market acceptance of, our products and services;
- our expectations regarding our relationships with customers, suppliers, third-party service providers, strategic partners and other stakeholders;
- competition for, among other things, capital, technology and skilled personnel, in our industry;
- the impact of pandemic on our business, results of operations and financial condition;
- changes to regulatory and operating conditions in the industry and geographical markets in which we operate; and
- general economic and business conditions.

We have based these forward-looking statements largely on our current expectations and projections about future events and financial trends that we believe may affect our financial condition, results of operations, business strategy and financial needs.

You should read these statements in conjunction with the risks disclosed in "Item 3. Key Information—D. Risk Factors" of this annual report and other risks outlined in our other filings with the Securities and Exchange Commission, or the SEC. Moreover, we operate in an emerging and evolving environment. New risks may emerge from time to time, and it is not possible for our management to predict all risks, nor can we assess the impact of such risks on our business or the extent to which any risk, or combination of risks, may cause actual results to differ materially from those contained in any forward-looking statements. The forward-looking statements made in this annual report relate only to events or information as of the date on which the statements are made in this annual report. Except as required by law, we undertake no obligation to update any forward-looking statements to reflect events or circumstances after the date on which the statements are made or to reflect the occurrence of unanticipated events. You should read this annual report and the documents that we have referred to in this annual report, completely and with the understanding that our actual future results may be materially different from what we expect.

PART I.

ITEM 1. IDENTITY OF DIRECTORS, SENIOR MANAGEMENT AND ADVISERS

Not Applicable.

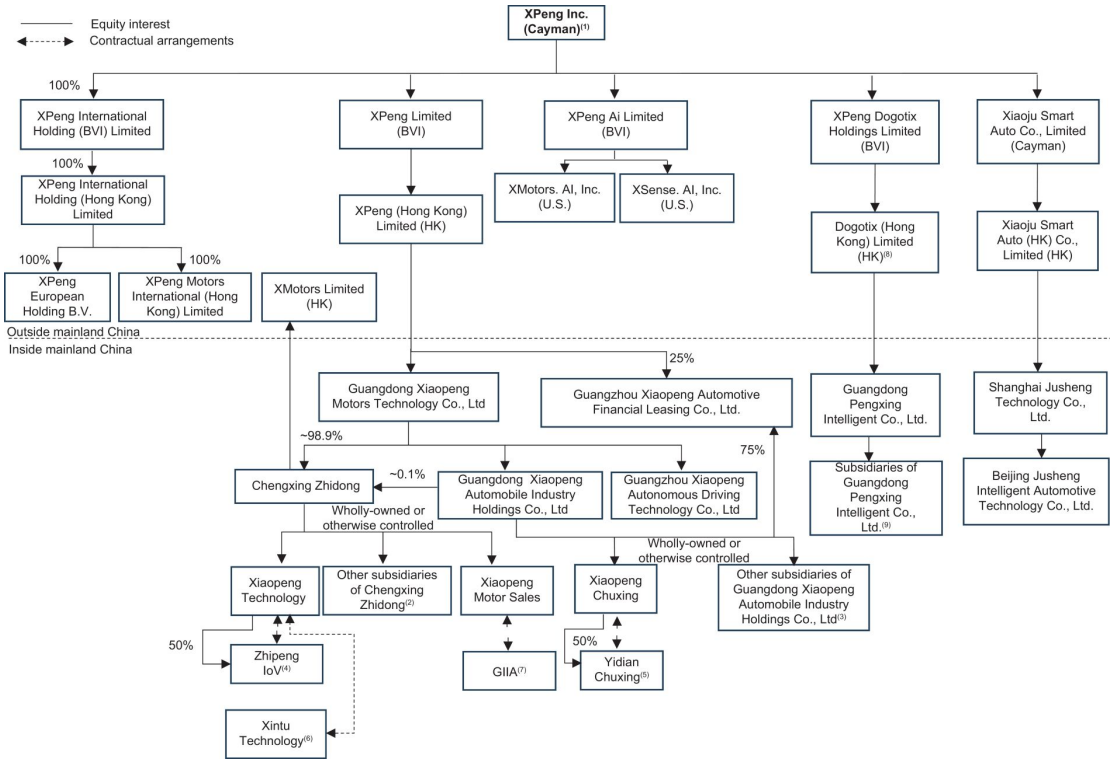
ITEM 2. OFFER STATISTICS AND EXPECTED TIMETABLE

Not Applicable.

ITEM 3. KEY INFORMATION

Corporate Structure

The following diagram illustrates our corporate structure as of March 31, 2025. Certain entities that are immaterial to our results of operations, business and financial condition are omitted. Except as otherwise specified, equity interests depicted in this diagram are held as to 100%.



(1) Investors in our Class A ordinary shares and ADSs are purchasing equity interest in XPeng Inc.

(2) Includes (i) 139 subsidiaries that are wholly-owned by Chengxing Zhidong, (ii) six subsidiaries and three limited partnerships of which a majority equity interest is held by Chengxing Zhidong, and (iii) Zhaoqing Xiaopeng New Energy, of which 100% equity interest was held by Chengxing Zhidong. Chengxing Zhidong and its subsidiaries are primarily involved in research and development, manufacturing and selling our Smart EVs and providing after-sales services. Zhaoqing Xiaopeng New Energy holds an Enterprise Investment Project Filing Certificate of Guangdong Province for the Zhaoqing plant and has been listed in Announcement of the Vehicle Manufacturers and Products issued by the MIIT, which enables it to be a qualified manufacturer of EVs.

(3) Includes six subsidiaries that are wholly-owned by Guangdong Xiaopeng Automobile Industry Holdings Co., Ltd. Guangdong Xiaopeng Automobile Industry Holdings Co., Ltd. and its subsidiaries are primarily involved in providing value-added services.

(4) 50% of equity interest in Zhipeng IoV is held by us, and Mr. Zhiyuan Chen holds the other 50% of the equity interest in Zhipeng IoV.

(5) 50% of equity interest in Yidian Chuxing is held by us, and Mr. Dawu Zhao holds the other 50% of the equity interest in Yidian Chuxing.

(6) Xintu Technology is wholly owned by Kuntu Technology. The ultimate holding company of Kuntu Technology is Guangzhou Chengpeng Technology Co., Ltd., in which Ms. Chuxu Li holds 100% of the equity interest, respectively.

(7) GIIA is wholly owned by Guangzhou Xuetao, and Mr. Yeqing Zheng, our vice president, holds 100% equity interest in Guangzhou Xuetao.

(8) Wholly held by XPeng Dogotix Holdings Limited through intermediary holding entities.

(9) Includes three subsidiaries wholly owned by Guangdong Pengxing Intelligent Co., Ltd., being Shenzhen Pengxing Intelligent Co., Ltd., Shenzhen Pengxing Smart Research Co., Ltd. and Shenzhen Pengxing Intelligent Technology Innovation Co., Ltd. Guangdong Pengxing Intelligent Co., Ltd. and its subsidiaries are primarily involved in research and development of robots with human-robot interaction functions.

Contractual Arrangements with the Group VIEs and Their Shareholders

XPeng Inc. is a Cayman Islands holding company, and the Group's operations are primarily conducted through its subsidiaries in China. XPeng Inc. controls these subsidiaries through Xiaopeng Motors, which is in turn wholly-owned by XPeng Inc.'s Hong Kong subsidiary, XPeng (Hong Kong) Limited. The Group also conducts certain non-core and non-essential operations through contractual arrangements with the Group VIEs. Holders of our ADSs and Class A ordinary shares do not hold direct shareholding in any operating entities that are Group VIEs or their subsidiaries, but instead hold equity interest in XPeng Inc. As used in this annual report, "XPENG," "we," "us," "our company" or "our" refers to XPeng Inc. and/or its subsidiaries, and "the Group" refers to XPeng Inc., the Group VIEs and their respective subsidiaries.

Under the PRC laws and regulations, (i) the provision of value-added telecommunication service in the PRC is subject to foreign investment restrictions and license requirements, and therefore, we operate such business in China through Zhipeng IoV and Yidian Chuxing, which both operated our mobile Apps; (ii) the operation of land surface mobile surveying and preparation of true three-dimensional maps and navigation electronic maps is subject to foreign investment prohibitions and license requirements, and therefore, we operate such businesses in China through Xintu Technology and its subsidiary, Zhipeng Kongjian, which is primarily engaged in the operation of land surface mobile surveying and preparation of true three-dimensional maps and navigation electronic maps. We are seeking to restore our possession of Surveying and Mapping Qualification Certificate to develop mapping and navigation solutions that will improve customers' driving experience; and (iii) the provision of insurance agency service in the PRC is subject to foreign investment restrictions and license requirements, and therefore, we operate such business in China through GIIA, which is primarily engaged in the business of providing insurance agency services. As such, the VIE structure provides investors with foreign investment access to China-based operating companies where the PRC laws and regulations either restrict or prohibit direct foreign investment in such companies. Investors may never hold equity interests in such Chinese operating companies.

We have entered into a series of contractual arrangements with each of Zhipeng IoV, Yidian Chuxing, Xintu Technology and GIIA, each a Group VIE, and its respective affiliate shareholders, including (i) power of attorney agreements, equity interest pledge agreements and loan agreements, which provide us with effective control over such Group VIEs; (ii) exclusive service agreements, which allow us to receive substantially all of the economic benefits from such Group VIEs; and (iii) exclusive option agreements, which provide us with exclusive options to purchase all or part of the equity interests in or all or part of the assets of or inject registered capital into such Group VIEs when and to the extent permitted by PRC law. For details of such contractual arrangements, see "Item 4. Information on the Company—C. Organizational Structure—Contractual Agreements with the VIEs and Their Shareholders." As a result of these contractual arrangements, we maintain a controlling financial interest as the primary beneficiary of the Group VIEs for accounting purposes (as defined in US GAAP, ASC 810). We have consolidated their financial results in our consolidated financial statements without owning a majority equity interest in Zhipeng IoV or Yidian Chuxing or any equity interest in Xintu Technology or GIIA. The Group VIEs do not have a material contribution to the Group's results of operations and the Group VIEs do not support material revenues reported within other subsidiaries of our company.

The contractual arrangements with the Group VIEs and the respective affiliate shareholders of the Group VIEs may not be as effective as direct ownership in providing us with control over the Group VIEs and involve unique risks to investors. If any of the Group VIEs or the respective affiliate shareholders of the Group VIEs fails to perform their obligations under the contractual arrangements, we may have to incur substantial costs and expend additional resources to enforce such arrangements in reliance on legal remedies under the PRC law. These remedies may not always be effective, particularly in light of uncertainties in the PRC legal system. There are very few precedents and little formal guidance as to how contractual arrangements in the context of a variable interest entity should be interpreted or enforced under PRC law. Our contractual arrangements have not been tested in the PRC courts. Furthermore, the Chinese regulatory authorities could disallow the VIE structure, and we may not be able to continue to obtain, hold, renew or maintain certain required permits or approvals. If we are unable to assert our control over the assets of the Group VIEs, we may experience disruptions to our business or be unable to continue to consolidate the financial results of the Group VIEs in our financial statements, which may result in a material change in our operations and/or decline in the value of our Class A ordinary shares and ADSs. See "Item 3. Key Information—D. Risk Factors—Risks Relating to Our Corporate Structure—We rely on contractual arrangements with the Group VIEs and their respective affiliate shareholders to operate certain businesses that do not have and are not expected in the foreseeable future to have material revenue contributions to the Group. Such contractual arrangements may not be as effective as direct ownership in providing operational control and otherwise have a material adverse effect as to our business."

Operations in China

The Group faces various legal and operational risks and uncertainties associated with being based in and having its operations primarily in China and the country's complex and evolving laws and regulations. These risks could result in a material change in the Group's operations and/or the value of our ADSs and Class A ordinary shares or could significantly limit or completely hinder our ability to offer or continue to offer securities to investors and cause the value of such securities to significantly decline or be worthless. For example, the Group has incurred, and will continue to incur, significant expenses to comply with laws and regulations relating to cybersecurity and data security, including those implemented recently by China's government. The Group also faces risks associated with regulations on offerings conducted overseas by and foreign investment in China-based issuers, the use of the Group VIEs, and anti-monopoly regulatory actions, which may impact the Group's ability to conduct certain businesses, accept foreign investments, or list on a U.S. or other foreign exchange outside of China. See "Item 3. Key Information—D. Risks Factors—Risks Relating to Doing Business in China."

Furthermore, the PRC authorities have recently promulgated new or proposed laws and regulations to further regulate securities offerings that are conducted overseas by China-based issuers. For more detailed information, see "Item 4. Information on the Company—B. Business Overview—Regulations—Regulations on M&A Rules and Overseas Listings" and "Item 4. Information on the Company—B. Business Overview—Regulations—Regulation Related to Internet Security and Privacy Protection". According to these new laws and regulations and the draft laws and regulations if enacted in their current forms, in connection with our future offshore offering activities, we may be required to fulfill filing, reporting procedures with or obtain approval from the CSRC, and may be required to go through cybersecurity review by the PRC authorities. On November 16, 2023 and December 11, 2023, we have submitted the filings with the CSRC with respect to our placement of Class A ordinary shares to DiDi and the Volkswagen Group, respectively. For details of these transactions, please see "Item 3. Key Information—D. Risk Factors—Risks Relating to Our Business and Industry—From time to time we may evaluate and potentially consummate strategic investments or acquisitions, which could require significant management attention, disrupt our business and adversely affect our financial results." However, we cannot assure you that we can obtain the required approval or accomplish the required filing or other regulatory procedures in a timely manner, or at all. See "Item 3. Key Information—D. Risk Factors—Risks Relating to Our Business and Industry—Actual or alleged failure to comply with laws, regulations, rules, policies and other obligations regarding privacy, data protection, cybersecurity and information security could subject us to significant reputational, financial, legal and operational consequences," "Item 3. Key Information—D. Risk Factors-Risks Relating to Our Business and Industry—Changes and developments in the PRC legal system and the interpretation and enforcement of PRC laws, rules and regulations may subject us to uncertainties." and "Item 3. Key Information—D. Risks Factors—Risks Relating to Our Corporate Structure—Uncertainties exist with respect to the interpretation and implementation of the Foreign Investment Law and its implementing rules and how they may impact our business, financial condition and results of operations."

PRC Permissions and Approvals

As of the date of this annual report, we have obtained all requisite permissions and approvals that are material to the Group's operations in China as of the date hereof, and Zhaoqing Xiaopeng New Energy, as well as our Smart EVs (the P7i, the G9, the G6, the X9, the MONA M03 and the P7+), has been listed in Announcement of the Vehicle Manufacturers and Products issued by the MIIT, which represented the governmental approval required for Zhaoqing Xiaopeng New Energy to be a qualified manufacturer for the manufacturing and sales of our Smart EVs. Given the uncertainties regarding interpretation, implementation and enforcement of relevant rules and regulations, as well as other factors beyond our control, we cannot assure you that we have obtained or will be able to obtain and maintain all requisite licenses, permits, filings and registrations. See "Item 3. Key Information—D. Risk Factors—Risks Relating to Our Business and Industry—Certain of our operating subsidiaries may be required to obtain additional licenses or permits or make additional filings or registrations."

Holding Foreign Companies Accountable Act

The HFCA Act, may affect our ability to maintain our listing on the NYSE. Among other things, the HFCA Act provides if the SEC determines that we have filed audit reports issued by a registered public accounting firm that has not been subject to inspection by the PCAOB, for two consecutive years, the SEC shall prohibit our securities from being traded on a national securities exchange or in the over the counter trading market in the U.S. In the event of such determination by the SEC, the NYSE would delist our ADSs. In December 2021, the PCAOB made its determinations, or the 2021 determinations, pursuant to the HFCA Act that it was unable to inspect or investigate completely registered public accounting firms headquartered in mainland China or Hong Kong including our independent auditor. After we filed our annual report on Form 20-F for the fiscal year ended December 31, 2021 on April 28, 2022, the SEC conclusively identified us as an SEC-identified issuer on May 26, 2022. On December 15, 2022, the PCAOB issued a report that vacated its December 16, 2021 determination and removed mainland China and Hong Kong from the list of jurisdictions where it is unable to inspect or investigate completely registered public accounting firms. For this reason, we were not identified as a SEC-identified issuer under the HFCA Act after we filed the annual reports on Form 20-F for the years ended December 31, 2022 and December 31, 2023, respectively, and we do not expect to be identified as a SEC-identified issuer under the HFCA Act after we file this annual report on Form 20-F for the year ended December 31, 2024. Each year, the PCAOB will determine whether it can inspect and investigate completely audit firms in mainland China and Hong Kong, among other jurisdictions. If PCAOB determines in the future that it no longer has full access to inspect and investigate completely accounting firms in mainland China and Hong Kong and we continue to use an accounting firm headquartered in one of these jurisdictions to issue an audit report on our financial statements filed with the SEC, we would be identified as a SEC-identified issuer following the filing of the annual report on Form 20-F for the relevant fiscal year. There can be no assurance that we would not be identified as a SEC-identified issuer for any future fiscal year, and if we were so identified for two consecutive years, we would become subject to the prohibition on trading under the HFCA Act. See "Item 3. Key Information—D. Risks Factors —Risks Relating to Doing Business in China—If the PCAOB determines that it is unable to inspect or investigate completely our auditor at any point in the future for two consecutive years, our ADSs may be prohibited from trading in the United States under the Holding Foreign Companies Accountable Act, as amended, or the HFCA Act, and any such trading prohibition on our ADSs or threat thereof may materially and adversely affect the price of our ADSs and value of your investment."

Restrictions on Transfer of Funds

XPeng Inc. is a holding company with no material operations of its own. We conduct our operations in China (i) primarily through our PRC subsidiaries, and (ii) to a much lesser extent, the Group VIEs. As a result, although other means are available for us to obtain financing at the holding company level, XPeng Inc.'s ability to pay dividends, if any, to the shareholders and ADSs investors and to service any debt we may incur will depend upon dividends paid by our PRC subsidiaries and service fees paid by the Group VIEs. If any of our subsidiaries incurs debt on its own behalf in the future, the instruments governing such debt may restrict its ability to pay dividends to XPeng Inc. Under PRC laws and regulations, our PRC subsidiaries are subject to certain restrictions with respect to paying dividends or otherwise transferring any of their net assets offshore to us. In particular, under PRC laws, rules and regulations, each of our subsidiaries incorporated in China is required to set aside at least 10% of its net income each year to fund certain statutory reserves until the cumulative amount of such reserves reaches 50% of its registered capital. These reserves, together with the registered capital, are not distributable as cash dividends. In addition, the PRC Enterprise Income Tax Law and its implementing rules impose a withholding income tax as much as 10% on dividends distributed by a foreign invested enterprise to its immediate holding company outside of China, unless such tax is reduced under treaties or arrangements between the PRC central government and governments of other countries or regions where the non-PRC resident enterprise is a tax resident. The undistributed earnings that are subject to dividend tax are expected to be indefinitely reinvested for the foreseeable future.

Furthermore, we are subject to restrictions on currency exchange. The Renminbi is currently convertible under the "current account," which includes dividends, trade and service-related foreign exchange transactions, but not under the "capital account," which includes foreign direct investment and loans, including loans we may secure from our PRC subsidiaries. Currently, our PRC subsidiaries may purchase foreign currency for settlement of "current account transactions," including payment of dividends to us, by complying with certain procedural requirements. However, the relevant PRC governmental authorities may limit or eliminate our ability to purchase foreign currencies in the future for current account transactions. Foreign exchange transactions under the capital account remain subject to limitations and require approvals from, or registration with, the SAFE and other relevant PRC governmental authorities. Since a significant amount of our future revenues and cash flow will be denominated in Renminbi, any existing and future restrictions on currency exchange may limit our ability to utilize cash generated in Renminbi to fund our business activities outside of the PRC or pay dividends in foreign currencies to our shareholders, including holders of the Class A ordinary shares and/or ADSs, and may limit our ability to obtain foreign currency through debt or equity financing for our onshore subsidiaries.

Since inception, we have not declared or paid any dividends on our ordinary shares or ADSs. We do not have any present plan to declare or pay any dividends on our ordinary shares or ADSs in the foreseeable future. We intend to retain most, if not all, of our available funds and any future earnings to operate and expand our business. See "Item 8. Financial Information—A. Consolidated Statements and Other Financial Information—Dividend Policy." None of our subsidiaries nor any Group VIE has declared any dividends or made distributions to its shareholder for each of the years presented in this annual report. The service fees charged between the Group VIEs and other entities within the Group were immaterial for each of the years presented in this annual report.

For certain Cayman Islands, PRC, Hong Kong and United States federal income tax considerations of an investment in the ADSs and Class A ordinary shares, see "Item 10. Additional Information—E. Taxation."

A. [Reserved]

B. Capitalization and Indebtedness

Not Applicable.

C. Reasons for the Offer and Use of Proceeds

Not Applicable.

D. Risk Factors

Summary of Risk Factors

Investing in our ADSs and Class A ordinary shares involves significant risks. You should carefully consider all of the information in this annual report before making an investment in our ADSs and Class A ordinary shares. Below please find a summary of the principal risks we face, organized under relevant headings.

Risks Relating to Our Business and Industry

- We have a limited operating history and face significant challenges as a new entrant into our industry.
- As we continue to grow, we may not be able to effectively manage our growth, which could negatively impact our brand and financial performance.
- Unsuccessful adoption of technology like end-to-end model and large language model could adversely impact our business, operations and reputation.
- We may be subject to risks associated with ADAS technologies.

- China's passenger vehicle market is highly competitive, and demand for EVs may be cyclical and volatile.
- Our research and development efforts may not yield expected results.
- If our Smart EVs, including software systems, fail to offer a good mobility experience and meet customer expectations, our business, results of operations and reputation would be materially and adversely affected.
- We may not be able to successfully develop the processing hardware and ramp up its production in a cost-efficient manner.
- We may not be able to expand our physical sales network cost-efficiently, and our franchise model is subject to a number of risks.
- Our financial results may vary significantly from period to period due to the seasonality of our business and fluctuations in our operating costs.
- We depend on revenues generated from a limited number of Smart EV models.
- Our customers may cancel their orders despite their deposit payment and online confirmation.
- The shortage in the supply of semiconductors may be disruptive to the Group's operations and adversely affect our business, results of operations and financial condition.
- We have incurred significant losses and had recorded negative cash flows from operating activities in the past, all of which may continue in the future.
- Our business plans require a significant amount of capital. If we fail to obtain required external financing to sustain our business, we may be forced to curtail or discontinue the Group's operations. In addition, our future capital needs may require us to sell additional equity or debt securities that may dilute our shareholders or introduce covenants that may restrict the Group's operations or our ability to pay dividends.
- From time to time, we may evaluate and potentially consummate strategic investments or acquisitions, which could require significant management attention, disrupt our business and adversely affect our financial results.
- We have entered into collaborations, and may establish or seek collaborations, and we may not timely realize the benefits of such arrangements.
- The unavailability, reduction or elimination of government and economic incentives or government policies that are favorable for new energy vehicles and domestically produced vehicles could materially and adversely affect our business, financial condition and results of operations.
- Actual or alleged failure to comply with laws, regulations, rules, policies and other obligations regarding privacy, data protection, cybersecurity and information security could subject us to significant reputational, financial, legal and operational consequences. For instance, any misuse of smart technology, such as facial recognition technology, may have a material adverse effect on our reputation and results of operations.

Risks Relating to Doing Business in China

- Changes and developments in the political, economic and social policies of the PRC government may materially and adversely affect our business, financial condition and results of operations and may result in our inability to sustain our growth and expansion strategies. The Chinese government may intervene or influence the Group's operations if we fail to comply with applicable PRC laws, regulations or regulatory requirements, and may exert more control over offerings conducted overseas and foreign investment in China-based issuers, which could result in a material change in the Group's operations and the value of our Class A ordinary shares and ADSs. Any actions by the Chinese government to exert more oversight and control over offerings that are conducted overseas and/or foreign investment in China-based issuers could significantly limit or completely hinder our ability to offer or continue to offer our Class A ordinary shares and ADSs to investors and cause the value of such securities to significantly decline or be worthless.

- For instance, on February 17, 2023, the China Securities Regulatory Commission, or the CSRC, promulgated the Trial Administrative Measures of Overseas Securities Offering and Listing by Domestic Companies ("Overseas Listing Trial Measures") and relevant five guidelines, which became effective on March 31, 2023. The Overseas Listing Trial Measures impose filing requirements on both "direct" and "indirect" overseas offering or listing of PRC domestic companies. As of the date of this annual report, we have not been informed by any PRC governmental authority of any requirement that we shall apply for approval or filing for our initial public offering in the U.S. in August 2020, our follow-on public offering completed in December 2020 or our listing on the Hong Kong Stock Exchange and the associated public offering in July 2021.

- However, since the PRC authorities have promulgated new laws and regulations recently to further regulate securities offerings that are conducted overseas, in connection with our future overseas securities offering or listing, we may be required to fulfill filing, reporting procedures or other administrative procedures with the CSRC or other PRC government authorities. In addition, we cannot guarantee that new rules or regulations promulgated in the future will not impose any additional requirement on us or otherwise to tighten the regulations on PRC companies seeking overseas listing. Any failure to obtain the relevant approval or complete the filings and other relevant regulatory procedures may subject us to regulatory actions or other penalties from the CSRC or other PRC regulatory authorities, which may have a material adverse effect on our business, operations or financial conditions.

- Changes and developments in the PRC legal system and the interpretation and enforcement of PRC laws, rules and regulations may subject us to uncertainties.

- The audit report included in this annual report is prepared by an auditor located in a jurisdiction which the U.S. Public Company Accounting Oversight Board was unable to inspect and investigate completely before 2022 and, as such, our investors have been deprived of the benefits of such inspections in the past, and may be deprived of the benefits of such inspections in the future.

- If the PCAOB determines that it is unable to inspect or investigate completely our auditor at any point in the future for two consecutive years, our ADSs may be prohibited from trading in the United States under the Holding Foreign Companies Accountable Act, as amended, or the HFCA Act, and any such trading prohibition on our ADSs or threat thereof may materially and adversely affect the price of our ADSs and value of your investment.

- Certain PRC regulations establish procedures for acquisitions conducted by foreign investors that could make it more difficult for us to grow through acquisitions.

- PRC regulations relating to investments in offshore companies by PRC residents may subject our PRC-resident beneficial owners or our PRC subsidiaries to liability or penalties, limit our ability to inject capital into our PRC subsidiaries or limit our PRC subsidiaries' ability to increase their registered capital or distribute profits.

Risks Relating to Our Corporate Structure

- Revenue contributions from the Group VIEs have not been and are not expected in the foreseeable future to be material. Nonetheless, if the PRC government deems that the contractual arrangements in relation to the Group VIEs do not comply with PRC regulatory restrictions on foreign investment in the relevant industries, or if these regulations or the interpretation of existing regulations change in the future, our Class A ordinary shares and ADSs may decline in value if we are unable to assert our contractual control rights over the assets of the Group VIEs.
- We rely on contractual arrangements with the Group VIEs and their respective affiliate shareholders to operate certain businesses that do not have and are not expected in the foreseeable future to have material revenue contributions to the Group. Such contractual arrangements may not be as effective as direct ownership in providing operational control and otherwise have a material adverse effect as to our business.
- Our contractual arrangements with the Group VIEs may result in adverse tax consequences to us.
- If we exercise the option to acquire equity ownership of the Group VIEs, the ownership transfer may subject us to certain limitations and substantial costs.
- The affiliate shareholders of the Group VIEs may have potential conflicts of interest with us, which may materially and adversely affect our business and financial condition.

Risks Relating to Our Business and Industry

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

We began operations in 2015 and have a limited operating history. We have limited history in most aspects of our business operations, including designing, testing, manufacturing, marketing and selling our Smart EVs, as well as offering our services. We started production of our first mass-produced Smart EV, the G3, a compact SUV, in November 2018. We have constructed a manufacturing plant in Zhaoqing, Guangdong province, and the plant is the first manufacturing facility owned by us. We have also constructed a manufacturing plant in Guangzhou, Guangdong province, and started manufacturing Smart EVs at this plant in December 2022. We have successively launched and delivered a number of vehicle models and their variants, and as of the date of this annual report, our product offering included the P7i, the G9, the G6, the X9, the MONA M03 and the P7+.

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

- design and produce safe, reliable and quality vehicles on an ongoing basis;
- build a well-recognized and respected brand;
- expand our customer base;
- properly price our products and services;
- advance our technological capabilities in key areas, such as ADAS, intelligent operating system, electric powertrain and E/E architecture;
- successfully market our Smart EVs and our services, including our ADAS and various value-added services, such as insurance agency service, automotive loan referral and charging solutions;
- improve operating efficiency and economies of scale;
- operate our manufacturing plant in a safe and cost-efficient manner;
- attract, retain and motivate our employees;
- anticipate and adapt to changing market conditions, including changes in consumer preferences and competitive landscape; and
- navigate a complex and evolving regulatory environment.

If we fail to address any or all of these risks and challenges, our business may be materially and adversely affected. Our Smart EVs are highly technical products that require ongoing maintenance and support. As a result, consumers will be less likely to purchase our Smart EVs if they are not convinced that our business will succeed or that the Group's operations will continue for many years. Similarly, suppliers and other third parties will be less likely to invest time and resources in developing business relationships with us if they are not convinced that our business will succeed.

As we continue to grow, we may not be able to effectively manage our growth, which could negatively impact our brand and financial performance.

We have experienced significant growth in the past several years. Our revenues increased from RMB26,855.1 million in 2022 to RMB30,676.1 million in 2023, and further to RMB40,866.3 million in 2024, and the number of Smart EVs delivered by us increased from 120,757 units in 2022 to 141,601 units in 2023 and further to 190,068 units in 2024. We plan to further grow our business by, among other things, investing in technology, expanding our product portfolio, providing technology services, strengthening our brand recognition, expanding our sales and marketing network and service offerings. Our future operating results will depend to a large extent on our ability to manage our expansion and growth successfully.

Risks that we face in undertaking this expansion include, among others:

- managing a larger organization with a greater number of employees in different divisions;
- controlling expenses and investments in anticipation of expanded operations;
- establishing or expanding design, manufacturing, sales and service facilities, as well as charging network;
- implementing and enhancing administrative infrastructure, systems and processes; and
- executing our strategies and business initiatives successfully.

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

We may be subject to risks associated with ADAS technologies.

We continuously upgrade our ADAS technologies through in-house research and development. ADAS technologies are subject to risks and from time to time there have been accidents associated with such technologies. Although we attempt to remedy any issues we observe in our Smart EVs as effectively and rapidly as possible, such efforts may not be timely, may hamper production or may not be to the satisfaction of our customers. Moreover, ADAS technology is still evolving and is yet to achieve wide market acceptance. The safety of ADAS technologies depends in part on driver interaction, and drivers may not be accustomed to using such technologies. To the extent accidents associated with our ADAS systems occur, we could be subject to liability, government scrutiny and further regulation. In April 2023, our G9 SUV obtained the Guangzhou Intelligent Connected Vehicle Passenger Test Permit, and the testing area covered all general testing roads in Guangzhou. In 2024, we also unveiled our Hawkeye Visual Solution and have continued roll out upgrades to our ADAS system to deliver better user experience to our customers. As the penetration and availability of our ADAS systems continues to grow, the possibility that our ADAS technologies are involved in accidents may correspondingly increase. Furthermore, accidents or defects caused by third parties' ADAS technology may negatively affect public perception, or result in regulatory restrictions, with respect to ADAS technology. Such accidents where our or any third party's ADAS technology is involved may be the subject of significant public attention.

There also remains significant uncertainty in the legal implications to providers of emerging ADAS and autonomous driving technologies of traffic collisions or other accidents involving such technologies, particularly given variations in legal and regulatory regimes that are emerging, and we may become liable for losses that exceed the current industry norms as the regulatory and legal landscape develops. Our ADAS technologies may be affected by regulatory restrictions. Government safety regulations are subject to change based on a number of factors that are not within our control, including new scientific or technological data, adverse publicity regarding the industry, recalls, concerns regarding safety risks of autonomous driving and ADAS, accidents involving our solutions or those of others, domestic and foreign political developments or considerations and litigation relating to our solutions and our competitors' products.

Changes in government regulations, especially those relating to ADAS and autonomous driving, could adversely affect our business, results of operations, and financial condition. For example, on November 17, 2023, the MIIT, the Ministry of Public Security, the Ministry of Housing and Urban-Rural Development, and the Ministry of Transport jointly promulgated the Notice of Implementing the Pilot Program of Access and On-Road Traffic of Intelligent Connected Vehicles (the "2023 Pilot Program"), which took effect on the same day. Pursuant to the 2023 Pilot Program, vehicle manufacturers are eligible for carrying out on-road testing for intelligent connected vehicles equipped with autonomous driving functions (referred to as Level 3 autonomous driving function (conditionally automated driving) and Level 4 autonomous driving function (highly automated driving) as provided in the Taxonomy of Driving Automation for Vehicles) and ready for mass production in restricted areas only after passing the product testing and safety assessment conducted by the relevant authorities and obtaining the access approvals from the MIIT. In addition, on December 5, 2023, the Ministry of Transport issued the Guidelines on Transportation Safety Services for Autonomous Vehicles (for Trial Implementation), which provides relevant guidance for vehicles which are capable of performing all dynamic driving tasks under designed operating conditions according to relevant national standards and have obtained the access approvals from the MIIT, including but not limited to, requirements for application scenarios, operators of autonomous vehicles, safety and security, supervision and overall management.

Furthermore, our research and development activities on ADAS are subject to regulatory restrictions on surveying and mapping, as well as driverless road testing. For instance, on July 26, 2024, the Ministry of Natural Resources promulgated the Notice on Strengthening the Administration of Surveying, Mapping and Geoinformation Security Relating to Intelligent Connected Vehicles. This notice provides that surveying and mapping activities related to intelligent connected vehicles must be conducted in accordance with the law, that confidential and sensitive geographic information data must be strictly managed, and that electronic navigation maps must be strictly reviewed. In addition, the notice implements requirements for the storage of geoinformation data and cross-border transfer of such data, strengthens the regulation of geoinformation security, and encourages the exploration of geographic information security applications. Any tightening of regulatory restrictions could have a material adverse impact on our development of ADAS technology.

China's passenger vehicle market is highly competitive, and demand for EVs may be cyclical and volatile.

China's passenger vehicle market is large yet competitive, and we have strategically focused on offering Smart EVs for the mid- to high-end segment. Our Smart EVs directly compete with (i) other EVs, including pure play EVs, and NEVs, which include plug-in hybrid electric vehicles, hybrid electric vehicles and fuel cell electric vehicles, especially those targeting the mid- to high-end segment, and (ii) ICE vehicles in the mid- to high-end segment offered by traditional OEMs. We may also in the future face competition from new entrants that will increase the level of competition. Many of our current and potential competitors, particularly international competitors, have more financial, technical, manufacturing, marketing and other resources than we do, and may be able to devote significant resources to the design, development, manufacturing, distribution, promotion, sale and support of their products.

We expect competition in our industry to intensify in the future in light of increased demand and regulatory push for alternative fuel vehicles, continuing globalization and consolidation in the worldwide automotive industry. Factors affecting competition include, among others, product quality and features, innovation and development time, pricing, reliability, safety, energy efficiency, sales and marketing capabilities, distribution network, customer service and financing terms. Increased competition may lead to lower vehicle unit sales and increased inventory, which may result in downward price pressure and adversely affect our business, financial condition, operating results and prospects. There can be no assurance that we will be able to compete successfully. Our competitors may introduce new vehicles or services that surpass the quality or performance of our Smart EVs or services, which would adversely affect our competitive position in the market. They may also offer vehicles or services at more competitive prices, which would have an adverse impact on our sales and profitability. We have witnessed increasing price competition in the Smart EV industry in recent years, which imposed downward pressure on the sale prices of our products and our gross margin. For instance, since January 2024, certain of our competitors have announced price cuts or discounts to their products and we have also announced price discounts to certain of our vehicle models. However, we cannot assure you that we will be able to compete successfully in price against our competitors, nor can we assure you that the competitive pressures we face currently will not decrease our revenue and profits in the future. In addition, we may compete with state-owned enterprises or companies that have received investments or other forms of support from state-owned enterprises or other government entities, and such competitors may therefore possess more resources than us. If products from our competitors successfully compete with or surpass the quality or performance of our vehicles at more competitive prices, our profitability and results of operations may be materially and adversely affected.

In addition, volatility in the automobile industry may materially and adversely affect our business, prospects, operating results and financial condition. The sales volume of EVs in the mid- to high-end segment in China may not grow at the rate that we expect, or at all. Demand for EVs depends to a large extent on general, economic, political and social conditions in a given market and the introduction of new vehicles and technologies. As a new entrant to the EV market, we have fewer financial resources than more established OEMs to withstand changes in the market and disruptions in demand. Demand for our Smart EVs may also be affected by factors directly impacting automobile price or the cost of purchasing and operating automobiles, such as sales and financing incentives, prices of raw materials and components, cost of oil and gasoline and governmental regulations, including tariffs, import regulation and sales taxes. Volatility in demand may lead to lower vehicle unit sales and increased inventory, which may result in further downward price pressure and adversely affect our business, prospects, financial condition and operating results. These effects may have a more pronounced impact on our business given our relatively smaller scale and less financial resources as compared to many traditional OEMs.

Our research and development efforts may not yield expected results.

Technological innovation is critical to our success, and we strategically develop most of key technologies in-house, such as ADAS, intelligent operating system, powertrain and E/E architecture. We have been investing heavily on our research and development efforts. In 2022, 2023 and 2024, our research and development expenses amounted to RMB5,214.8 million, RMB5,276.6 million and RMB6,456.7 million, respectively. Our research and development expenses accounted for 19.4%, 17.2% and 15.8% of our total revenues for 2022, 2023 and 2024, respectively. The EV industry is experiencing rapid technological changes, and we need to invest significant resources in research and development to lead technological advances in order to remain competitive in the market. Therefore, we expect that our research and development expenses will continue to be significant. Furthermore, research and development activities are inherently uncertain, and there can be no assurance that we will continue to achieve technological breakthroughs and successfully commercialize such breakthroughs. As a result, our significant expenditures on research and development may not generate corresponding benefits. If our research and development efforts fail to keep up with the latest technological developments, we would suffer a decline in our competitive position. For example, we believe ADAS is a key factor that differentiates our Smart EVs from competing products, and we have dedicated significant research and development efforts. The outcome of such efforts may not be successfully commercialized or accepted by the market. Any delay or setbacks in our efforts to improve our ADAS capabilities could materially and adversely affect our business, reputation, results of operations and prospects.

Besides our in-house expertise, we also rely on certain technologies of our suppliers to enhance the performance of our Smart EVs. In particular, we do not manufacture battery cells or semiconductors, which makes us dependent upon suppliers for the relevant technologies. As technologies change, we plan to upgrade our existing models and introduce new models in order to provide Smart EVs with the latest technologies, including battery cells and semiconductors, which could involve substantial costs and lower our return on investment for existing models. There can be no assurance that we will be able to equip our Smart EVs with the latest technologies. Even if we are able to keep pace with changes in technologies and develop new models, our prior models could become obsolete more quickly than expected, potentially reducing our return on investment.

If our Smart EVs, including software systems, fail to offer a good mobility experience and meet customer expectations, our business, results of operations and reputation would be materially and adversely affected.

We tailor our Smart EVs for China's middle-class consumers. Our Smart EVs offer smart technology functions, including ADAS and smart connectivity, to make the mobility experience more convenient. There can be no assurance that we will be able to continue to enhance such smart technology functions and make them more valuable to our target customers. In the design process, we pay close attention to the preferences of our target customers. However, there can be no assurance that we are able to accurately identify consumer preferences and effectively address such preferences in our Smart EVs' design. Furthermore, the driving experience of a Smart EV is different from that of an ICE vehicle, and our customers may experience difficulties in adapting to the driving experience of a Smart EV. As consumer preferences are continuously evolving, we may fail to introduce desirable product features in a timely manner.

Our Smart EVs may contain defects in design or manufacturing that cause them not to perform as expected or that require repair, and certain features of our Smart EVs may take longer than expected to become enabled. For example, the operation of our Smart EVs is highly dependent on our proprietary software, such as XNGP and XOS Tianji, which is inherently complex. These software systems may contain latent defects and errors or be subject to external attacks. Although we attempt to remedy any issues we observe in our Smart EVs as effectively and rapidly as possible, such efforts may not be timely or may not be to the satisfaction of our customers. Furthermore, while we have performed extensive internal testing on the Smart EVs we manufacture, we currently have a limited frame of reference by which to evaluate detailed long-term quality, reliability, durability and performance characteristics of our Smart EVs. We cannot assure you that our Smart EVs are free of defects, which may manifest over time. Product defects, delays or other failures of our products to perform as expected could damage our reputation and result in product recalls, product liability claims and/or significant warranty and other expenses, and could have a material adverse impact on our business, financial condition, operating results and prospects.

Additionally, we are actively adding new smart technology features to our offerings, including the smart voice assistant in our XOS Tianji in-car operating system. These new features are subject to market acceptance, and any incident involving our Smart EV may negatively impact the perception of our products and services and may further result in damages to our brand image and customer trust. We are also making significant investments in smart technology including end-to-end model and large language model to improve the driving and riding experience of our vehicles. The development and use of such technology can be complex and involve significant costs and risks. There can be no assurance that our investments in and usage of such technology will achieve the benefits we anticipated. These technologies may have limitations, including biases and errors, and there are also risks of system failures and disruptions and risks relating to cybersecurity, privacy, intellectual property and ethics. Furthermore, the legal regulatory regime relating to such technology is developing in many jurisdictions, and new rules and regulations could significantly increase our compliance costs, require us to modify our technologies and business practices, prevent or limit our use of such technology in certain circumstances or result in regulatory investigations, fines and penalties.

We may not be able to successfully develop the processing hardware and ramp up its production in a cost-efficient manner.

We have limited history of developing the processing hardware, and we may not be able to develop and introduce the processing hardware that fits our business demand and vehicle models. In August 2024, we announced that our processing hardware has been successfully tapped-out. The success of developing processing hardware may affect our capability to develop and introduce new and enhanced autonomous driving and cross-domain products and solutions that incorporate and integrate the latest technological advancements in sensing and perception technologies, software and hardware, and camera, radar, LiDAR, mapping, and deep learning technologies to satisfy evolving customer, regulatory, and safety rating requirements.

There can be no assurance that our efforts seeking design wins for the processing hardware will succeed. Despite of our successful tape-out of the processing hardware with foundry supplier in August 2024, we may not be able to complete the development of the processing hardware or ramp up its production in a cost-efficient manner, or at all. We cooperate with our foundry and other suppliers to manufacture, assemble, package and test the processing hardware. From time to time, these third parties may become unable to perform these services on a timely or cost-effective basis, in sufficient volumes, or at all. In some cases, there are limited or no readily available satisfactory alternate providers. Any business disruption at such suppliers' facilities may result in supply shortage of the processing hardware.

We may not be able to expand our physical sales network in China cost-efficiently, and our franchise model is subject to a number of risks.

As of December 31, 2024, our physical sales network consisted of 690 stores, covering 226 cities in China. We plan to expand our physical sales network through a combination of direct stores and franchised stores. This planned expansion may not have the desired effect of increasing sales and enhancing our brand recognition in a cost-efficient manner and requires certain adjustments in our sales and marketing operation.

For our direct stores, we may need to invest significant capital and management resources to operate existing direct stores and open new ones, and there can be no assurance that we will be able to improve the operational efficiency of our direct stores.

While our franchise model enables us to pursue an asset-light expansion strategy, such model is also subject to a number of risks, and our increasing focus on developing our franchise network may result in increasing dependence on the performance of our franchisees and our ability to effectively manage our network of distributors. We may not be able to identify, attract and retain a sufficient number of franchisees with the requisite experience and resources to operate franchised stores. We rely on our agreements with franchisees and the policies and measures we have in place to manage our franchise network, and any violation by our franchisees on such agreements may have an adverse effect on our business. Our franchisees are responsible for the day-to-day operation of their stores. Although we offer the same trainings and implement the same service standards for staff from both direct stores and franchised stores, we have limited control over how our franchisees' businesses are run. If our franchisees fail to deliver high quality customer service and resolve customer complaints in a timely manner, if any of their misconduct leads to damages to our brand image and reputation or if they fail to maintain the requisite licenses, permits or approvals, our business could be adversely affected. In addition, our agreements with certain of our franchisees are non-exclusive. While they are required to only sell our Smart EVs in the XPENG-branded franchised stores, they may operate other stores that sell vehicles of multiple other brands. These franchisees may dedicate more resources to the stores outside of our sales network and may not be able to successfully implement our sales and marketing initiatives. Furthermore, our franchisees may engage aggressive competition against each other, resulting in cannibalization among such franchisees. Any such behavior or occurrence may harm our business, prospects, financial condition and results of operation.

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

Our operating results may vary significantly from period to period due to many factors, including seasonal factors that may have an effect on the demand for our Smart EVs. Demand for new cars typically declines around the Chinese New Year holiday, while sales are generally higher in the fourth quarter of a calendar year. Our limited operating history makes it difficult for us to judge the exact nature or extent of the seasonality of our business. The cyclicality in seasonal fluctuations may continue in the foreseeable future. Accordingly, our revenue, cash flow, operating results and other key operating and performance metrics may vary from quarter to quarter due to the seasonal nature of the market demand. Uneven cash flow from quarter to quarter may cause additional difficulties in our efforts to manage liquidity and may materially and adversely affect our liquidity and our ability to fund and expand our business. In addition, we may record significant increase in revenues when we commence mass delivery of a new product to fulfill customer orders accumulated in prior periods, but we may not be able to maintain our revenues at similar levels in subsequent periods. Also, any health pandemic or epidemics such as the COVID-19 pandemic and natural disasters such as unusually severe weather conditions in some markets may impact demand for, and our ability to manufacture and deliver, our Smart EVs. Our operating results could also suffer if we do not achieve revenues consistent with our expectations for this seasonal demand because many of our expenses are based on anticipated levels of annual revenues.

We also expect our period-to-period operating results to vary based on our operating costs, which we anticipate will increase significantly in future periods as we, among other things, design and develop new models, develop new technological capabilities, ramp up our manufacturing facilities and expand our physical sales network, as well as expanding our general and administrative functions to support our growing operations. We may incur substantial research and development and/or selling expenses when we develop and/or promote a new product in a given period without generating any revenue from such product until we start delivery of such products to customers in future periods. As a result of these factors, we believe that period-to-period comparisons of our operating results are not necessarily meaningful and that these comparisons may not be indicative of future performance. Moreover, our operating results may not meet expectations of equity research analysts or investors. If this occurs, the trading price of our ADSs and/or Class A ordinary shares could fall substantially either suddenly or over time.

We depend on revenues generated from a limited number of Smart EV models.

Our business initially depended substantially on the sales and success of the G3, a compact SUV, which was our only mass-produced Smart EV in the market prior to May 2020, and since then we have successively launched a number of vehicle models and their variants. On the other hand, as we continue to adjust our product offerings, certain vehicle models have also phased out of our product portfolio. As of the date of this annual report, our product offering included the P7i, the G9, the G6, the X9, the MONA M03 and the P7+. Historically, automobile customers have come to expect a variety of vehicle models offered in an OEM's product portfolio and new and improved vehicle models to be introduced frequently. In order to meet these expectations, we plan to continuously introduce new models to enrich our product portfolio, as well as introducing new versions of existing Smart EV models. To the extent our product variety and cycles do not meet consumer expectations, or cannot be produced on our projected timelines and cost and volume targets, our future sales may be adversely affected. Given that for the foreseeable future our business will depend on a limited number of models, to the extent a particular model is not well-received by the market, our sales volume could be materially and adversely affected. This could have a material adverse effect on our business, prospects, financial condition and operating results.

Our customers may cancel their orders despite their deposit payment and online confirmation.

Orders and reservations for our Smart EVs are subject to cancelation by the customer prior to the delivery of the Smart EV. Our customers may cancel their orders for many reasons beyond our control, and we have experienced cancelation of orders in the past. In addition, customers may cancel their orders even after they have paid deposits. The potentially long wait from the time a reservation is made until the time the Smart EV is delivered could also impact customer decisions on whether to ultimately make a purchase, due to potential changes in preferences, competitive developments, and other factors. If we encounter delays in the deliveries of our Smart EVs, a significant number of orders may be canceled. As a result, we cannot assure you that orders will not be canceled and will ultimately result in the final purchase, delivery, and sale of the Smart EVs. Such cancelations could harm our business, brand image, financial condition, results of operations and prospects.

The shortage in the supply of semiconductors may be disruptive to the Group's operations and adversely affect our business, results of operations and financial condition.

The automotive industry has experienced in recent years, and may continue to experience or experience in the future, a global shortage in the supply of semiconductors. Since October 2020, the supply of semiconductors used for automotive production has been subject to a global shortage. Although such global semiconductor shortage has not yet had a material negative impact on the Group's operations, there is no assurance that we will be able to continue to obtain sufficient number of semiconductor-contained components at reasonable cost for the Group's operations, to the extent that such semiconductor shortage continues or occurs again in the future. In addition, we source a number of semiconductor-contained components used by us from single-source suppliers. Should any single-source suppliers of semiconductor-contained components become unable to meet our demand or become unwilling to do so on terms that are acceptable to us, it may take us significant time, and we may incur significant expenses to find alternative suppliers. In October 2022, the BIS released broad changes in export controls, including new regulations restricting the export to China of advanced semiconductors, supercomputer technology, equipment for the manufacturing of advanced semiconductors and associated components and technology. On October 17, 2023, the BIS announced additional semiconductor regulations expanding and enhancing export controls under the October 2022 regulations. In December 2024, the BIS announced further restrictions on the export of technologies relating to advanced-node semiconductors. On January 13, 2025, BIS announced an export control framework for artificial intelligence diffusion with a three-tier export authorization regime for advanced computing chips, under which China would be subject to a presumption of denial, as well as export controls on certain closed artificial intelligence model weights. Additionally, in January 2025, a program established by the U.S. Department of the Treasury became effective, which imposed restrictions on U.S. outbound investment transactions involving persons of "countries of concern," a designation currently limited to China, in certain technology sectors. Our existing or potential suppliers may be adversely affected by this program, with their funding sources and partnerships with U.S. entities being restricted by the program. These export controls and regulatory restrictions, as well as other similar regulatory restrictions that may be imposed from time to time, may adversely affect certain parts of our operations, including our efforts to develop and utilize our processing hardware. There can be no assurance that the United States or other countries will not impose more stringent export controls that may prohibit or restrict our ability to, directly or indirectly, source semiconductor and other components and raw materials, or otherwise affect our business. It is difficult to predict what further trade-related actions the United States or other governments may take, and we may be unable to quickly and effectively react to or mitigate such actions. If we were required to utilize another supplier for semiconductor-contained components, we would need to qualify and customize the components from alternative suppliers, which could be time consuming and require substantial expenses. If we are unable to find an alternative supplier willing and able to meet our needs on terms acceptable to us on a timely basis or at all, our production and deliveries would be materially disrupted, which may materially and adversely affect our business, results of operations and financial condition.

We have incurred significant losses and had recorded negative cash flows from operating activities in the past, all of which may continue in the future.

We have not been profitable since our inception. The design, manufacture, sale and servicing of Smart EVs is a capital-intensive business. We have been incurring losses from operations since inception. We incurred net losses of RMB9,139.0 million, RMB10,375.8 million and RMB5,790.3 million for 2022, 2023 and 2024, respectively. We have had negative cash flows from operating activities since inception. Net cash used in operating activities was RMB8,232.4 million and RMB2,012.3 million for 2022 and 2024, respectively. Although we recorded net cash provided by operating activities of RMB956.2 million for 2023, we cannot assure you that we will achieve or maintain such positive cash flow in the future. In addition, we have made significant up-front investments in research and development, our vehicle plants in Zhaoqing and Guangzhou and the new manufacturing base in Wuhan, our sales and service network, our charging network, as well as marketing and advertising, to rapidly develop and expand our business. We expect to continue to invest significantly in these areas to further expand our business, and there can be no assurance that we will successfully execute our business strategies. We may not generate sufficient revenues for a number of reasons, including lack of demand for our Smart EVs and services, increasing competition, challenging macro-economic environment, supply chain disruption, as well as other risks discussed herein. Our ability to become profitable in the future will not only depend on our efforts to sell our Smart EVs and services but also to control our costs. If we are unable to adequately control the costs associated with the Group's operations, we may continue to experience losses and negative cash flows from operating activities in the future.

We may need additional capital resources in the future if we experience changes in business condition or other unanticipated developments, or if we wish to pursue opportunities for investments, acquisitions, capital expenditures or similar actions. In addition, we have not recorded net income since inception or positive cash flows from operating activities in financial years preceding 2023. As such, we may continue to rely on equity or debt financing to meet our working capital and capital expenditure requirements. If we were unable to obtain such financing in a timely manner or on terms that are acceptable, or at all, we may fail to implement our business plans or experience disruptions in our operating activities, and our business, financial condition and results of operations would be materially and adversely affected.

Our business plans require a significant amount of capital. If we fail to obtain required external financing to sustain our business, we may be forced to curtail or discontinue the Group's operations. In addition, our future capital needs may require us to sell additional equity or debt securities that may dilute our shareholders or introduce covenants that may restrict the Group's operations or our ability to pay dividends.

Our business and our future plans are capital-intensive. We will need significant capital to, among other things, conduct research and development, ramp up our production capacity and expand our sales and service network. As we ramp up our production capacity and operations, we may also require significant capital to maintain our property, plant and equipment and such costs may be greater than anticipated. We expect that our level of capital expenditures will be significantly affected by user demand for our Smart EVs and services. Given we have a limited operating history, we have limited historical data on the demand for our Smart EVs and services. As a result, our future capital requirements may be uncertain and actual capital requirements may be different from those we currently anticipate. We plan to seek equity or debt financing to finance a portion of our capital needs. On December 6, 2023, we completed the issuance of 94,079,255 Class A ordinary shares to the Volkswagen Group for approximately US$705.6 million. However, such financing might not be available to us in a timely manner or on terms that are acceptable, or at all, in the future. If we fail to obtain required additional financing to sustain our business before we are able to produce levels of revenue to meet our financial needs, we would need to delay, scale back or eliminate our business plan and may be forced to curtail or discontinue the Group's operations.

Our ability to obtain the necessary financing to carry out our business plan is subject to a number of factors, including general market conditions and investor acceptance of our business plan. These factors may make the timing, amount, terms and conditions of such financing unattractive or unavailable to us. In particular, recent disruptions in the financial markets and volatile economic conditions could affect our ability to raise capital. If we are unable to raise sufficient funds, we will have to significantly reduce our spending or delay or cancel our planned activities. In addition, our future capital needs and other business reasons could require us to sell additional equity or debt securities or obtain a credit facility. The sale of additional equity or equity-linked securities could dilute our shareholders. We may also raise equity financing through one or more of our operating subsidiaries in the PRC. As a result, our net loss or net income would be partially attributable to the investors of such operating subsidiaries, which would affect net loss or net income attributable to shareholders of XPeng Inc. The issuance of debt securities and incurrence of additional indebtedness would result in increased debt service obligations. Holders of any debt securities or preferred shares will have rights, preferences and privileges senior to those of holders of our ordinary shares in the event of liquidation. Any financial or other restrictive covenants from any debt securities would restrict the Group's operations or our ability to pay dividends to our shareholders.

From time to time, we may evaluate and potentially consummate strategic investments or acquisitions, which could require significant management attention, disrupt our business and adversely affect our financial results.

We may evaluate and consider strategic investments, combinations, acquisitions or alliances to enhance our competitive position. These transactions could be material to our financial condition and results of operations if consummated. If we are able to identify an appropriate business opportunity, we may not be able to successfully consummate the transaction and, even if we do consummate such a transaction, we may be unable to obtain the benefits or avoid the difficulties and risks of such transaction, which may result in investment losses. See "Item 4. Information on the Company — B. Business Overview — Strategic Transactions." Our past experience with any strategic investments, combinations, acquisitions or alliances may not be indicative of whether we are more or less likely to consummate these transactions in the future.

Strategic investments or acquisitions will involve risks commonly encountered in business relationships, including:

- difficulties in assimilating and integrating the operations, personnel, systems, data, technologies, products and services of the acquired business;
- inability of the acquired technologies, products or businesses to achieve expected levels of revenue, profitability, productivity or other benefits including the failure to successfully further develop the acquired technology;
- difficulties in retaining, training, motivating and integrating key personnel;
- diversion of management's time and resources from our normal daily operations and potential disruptions to our ongoing businesses;
- strain on our liquidity and capital resources;
- difficulties in executing intended business plans and achieving synergies from such strategic investments or acquisitions;
- difficulties in maintaining uniform standards, controls, procedures and policies within the overall organization;
- difficulties in retaining relationships with existing suppliers and other partners of the acquired business;

- risks of entering markets in which we have limited or no prior experience;
- regulatory risks, including remaining in good standing with existing regulatory bodies or receiving any necessary pre-closing or post-closing approvals, as well as being subject to new regulators with oversight over an acquired business;
- assumption of contractual obligations that contain terms that are not beneficial to us, require us to license or waive intellectual property rights or increase our risk for liability;
- liability for activities of the acquired business before the acquisition, including intellectual property infringement claims, violations of laws, commercial disputes, tax liabilities and other known and unknown liabilities; and
- unexpected costs and unknown risks and liabilities associated with strategic investments or acquisitions.

Any future investments or acquisitions may not be successful, may not benefit our business strategy, may not generate sufficient revenues to offset the associated acquisition costs or may not otherwise result in the intended benefits.

We have entered into collaborations, and may establish or seek collaborations, and we may not timely realize the benefits of such arrangements.

We have pursued and may continue to pursue strategic collaborations and strategic acquisition opportunities to increase our scale, expand our product portfolios and capabilities and enhance our industry and technical expertise. In 2023, we have entered into the VW Technical Framework Agreement and the DiDi Strategic Cooperation Agreement. We are in the process of implementing such cooperations, which we believe are conducive to our business. In 2024 and 2025, we entered into a series of collaborations with the Volkswagen Group with respect to the E/E Architecture Technical Collaboration and supercharging networks. See "Item 4. Information on the Company — B. Business Overview — Strategic Transactions." However, we have a limited track record of providing technical services under the Technical Collaboration, and we primarily rely on the Volkswagen Group for the revenue arising from such services. We may not be able to diversify our strategic partners, maintain our business relationship with existing strategic partner or secure new contracts from them in the future. In the event any of our customers scales back and the demand for our services decline, or our relationship with a strategic partner degrades, there may be material fluctuations in our revenue from such services. In addition, should our strategic partner delay or default in making payments to us or at all, our cash flow and financial position would be adversely affected. In addition, whether such cooperation will in fact yield the expected strategic benefits is subject to uncertainties and we may not realize the full benefits of relevant strategic collaborations, including the synergies, cost savings or growth opportunities that we expect. For example, the vehicle models under the cooperation with the Volkswagen Group may not achieve massive-production or customer delivery in a timely manner, or at all, and the market acceptance of such vehicle models may not be satisfactory. While there is an earn-out arrangement under the DiDi Share Purchase Agreement to incentivize our cooperation with DiDi, the milestones under such earn-out arrangement may not be achieved. The implementation and outcome of the cooperation depend on various factors, many of which may be beyond our control. Furthermore, if we are unable to maintain or expand our collaboration with our partners in the future, our business and operating results may be materially and adversely affected. To the extent we cannot maintain any of our strategic partnerships, it may be very difficult for us to identify qualified alternative partners, which may divert significant management attention from existing business operations and adversely impact our daily operation and client experience.

The unavailability, reduction or elimination of government and economic incentives or government policies that are favorable for new energy vehicles and domestically produced vehicles could materially and adversely affect our business, financial condition and results of operations.

Our business has benefited from government subsidies, economic incentives and government policies that support the growth of new energy vehicles. For example, each qualified purchaser of our Smart EVs enjoys subsidies from China's central government and certain local governments. Furthermore, in certain cities, municipal government may adopt quotas that limit the purchase of ICE vehicles but not EVs, thereby incentivizing the purchases of EVs. On September 18, 2022, the Ministry of Finance of the PRC, or the MOF, together with several other PRC government departments, issued Announcement on Continuation for the Exemption of Vehicle Purchase Tax for New Energy Vehicles, which extended the previous vehicle purchase tax exemption policy for new energy vehicles to December 31, 2023. On June 19, 2023, the MOF and the MIIT issued the Announcement on Continuation and Optimization for the Exemption of Vehicle Purchase Tax for New Energy Vehicles, pursuant to which new energy vehicles purchased during the period from January 1, 2024 to December 31, 2025 shall be exempted from the vehicle purchase tax and the exemption amount for each new energy passenger vehicle shall not exceed RMB30,000; new energy vehicles purchased during the period from January 1, 2026 to December 31, 2027 shall be subject to the vehicle purchase tax at a reduced rate by half and the exemption amount for each new energy passenger vehicle shall not exceed RMB15,000. China's central government also provides certain local governments with funds and subsidies to support the roll out of a charging infrastructure. These policies are subject to certain limits as well as changes that are beyond our control, and we cannot assure you that future changes, if any, would be favorable to our business. For instance, in January 2022, the MOF, together with several other PRC government departments, issued the Notice on the Fiscal Subsidy Policies for the Promotion and Application of New Energy Vehicles for 2022, or the 2022 Subsidy Notice. The 2022 Subsidy Notice provides that the subsidies for new energy vehicle purchases in 2022 will be generally lowered by 30%, and such subsidies will be eliminated at the end of 2022. In April 2024, the MOFCOM, the MOF, together with several other PRC government departments, jointly issued the Implementation Rules on the Subsidies for Automobiles Trade-in, or the 2024 Trade-in Policy, which, among others, offered an one-off subsidy of up to RMB10,000 for buyers who trade-in certain types of old automobiles for new EVs by the end of 2024. The 2024 Trade-in Policy was adjusted in August 2024, which, among others, raised the trade-in subsidy cap to up to RMB20,000 for the above-mentioned EV-buyers. Furthermore, in January 2025, the MOF, together with several other PRC government departments, jointly issued a Notice on Automobile Trade-in Policy in 2025, or the 2025 Trade-in Policy, which, among others, continued the subsidy standards under the adjusted 2024 Trade-in Policy and further expanded the range of old automobiles eligible for such trade-in subsidies in 2025. However, We cannot predict whether such governmental subsidies will be available or reduced in the future. Any expiration, reduction and elimination of such subsidies may diminish consumers' demand for our smart EVs, which could further adversely affect our revenues and results of operations. Furthermore, we have received subsidies from certain local governments in relation to our Smart EV manufacturing bases. Any reduction or elimination of government subsidies and economic incentives because of policy changes, fiscal tightening or other factors may result in the diminished competitiveness of the EV industry generally or our Smart EVs in particular. In addition, as we seek to increase our revenues from vehicle sales, we may also experience an increase in accounts receivable relating to government subsidies. Any uncertainty or delay in collection of the government subsidies may also have an adverse impact on our financial condition. Any of the foregoing could materially and adversely affect our business, financial condition and results of operations.

We may also face increased competition from foreign OEMs due to changes in government policies. For example, the tariff on imported passenger vehicles (other than those originating in the United States of America) was reduced to 15% starting from July 1, 2018. On June 23, 2020, the National Development and Reform Commission, or NDRC, and the Ministry of Commerce of the PRC, or the MOFCOM, promulgated the Special Administrative Measures for Market Access of Foreign Investment, or the 2020 Foreign Investment Negative List, effective on July 23, 2020, under which there is no limit on foreign ownership of new energy vehicle manufacturers. Furthermore, according to the latest revised Special Administrative Measures for Market Access of Foreign Investment as promulgated on September 26, 2024, or the 2024 Foreign Investment Negative List, which took effect from November 1, 2024, there is no foreign investment restrictions on the industry of vehicle manufacturing. As a result, foreign EV competitors could build wholly-owned facilities in China without the need for a domestic joint venture partner. For example, Tesla has constructed the Tesla Giga Shanghai factory in Shanghai without a joint venture partner. These changes could increase our competition and reduce our pricing advantage.

Actual or alleged failure to comply with laws, regulations, rules, policies and other obligations regarding privacy, data protection, cybersecurity and information security could subject us to significant reputational, financial, legal and operational consequences.

We have adopted strict information security policies, and we use a variety of technologies to protect the data with which we are entrusted. We mainly collect and store data relating to the usage of the ADAS, infotainment system, as well as data collected through our sales and services channels. To the extent we collect customer information, we obtain such data in accordance with applicable laws and regulations. We anonymize personal data by removing personally identifiable information, when such information is not relevant to our business. We then analyze such information to improve our technologies, products and services. We use a variety of technologies to protect the data with which we are entrusted.

Nevertheless, collection, use and transmission of customer data may subject us to legislative and regulatory burdens in China and other jurisdictions, which could, among other things, require notification of data breach, restrict our use of such information and hinder our ability to acquire new customers or serve existing customers. If users allege that we have improperly collected, used, transmitted, released or disclosed their personal information, we could face legal claims and reputational damage. We may incur significant expenses to comply with privacy, consumer protection and security standards and protocols imposed by laws, regulations, industry standards or contractual obligations. If third parties improperly obtain and use the personal information of our users, we may be required to expend significant resources to resolve these problems.

We are subject to various laws and regulations on privacy, data protection, cybersecurity and information security in China and other jurisdictions. See "Item 4. Information on the Company—B. Business Overview—Regulation—Regulation Related to Internet Security and Privacy Protection" for further details. The interpretation and application of personal information protection laws and regulations and standards are still uncertain and evolving. We cannot assure you that relevant governmental authorities will not interpret or implement the laws or regulations in ways that negatively affect us. We may also become subject to additional or new laws and regulations regarding the protection of cybersecurity and information security, personal information or privacy-related matters in connection with our methods for data collection, analysis, storage and use.

As of the date of this annual report, we have not been informed by any PRC governmental authority of any requirement that we shall apply for approval or filings for our initial public offering in the U.S. in August 2020, our follow-on public offering completed in December 2020 or our listing on the Hong Kong Stock Exchange and the associated public offering in July 2021. However, we are not certain whether the Revised Cybersecurity Review Measures or any relevant future laws, rules or regulations will apply to our company and follow-on offerings of foreign listed companies, or whether the scope of financing activities that are subject to the cybersecurity review may change in the future. We believe that the Group has complied with the applicable regulations and policies that have been issued by the Cybersecurity Administration of China, or CAC, to date in all material respects. As of the date of this annual report, the Group has not been involved in any cybersecurity review initiated by the CAC, and the Group has not received any inquiry, notice, warning, or sanction in such respect.

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

Any misuse of smart technology, such as facial recognition technology, may have a material adverse effect on our reputation and results of operations. We historically engaged a third-party service provider to analyze the background of visitors of certain of our stores in Shanghai through facial recognition technology. Due to the lack of visitor consent and other requisite procedures, such practice was found to be in violation of the PRC Customer Rights Protection Law by the local administration for market regulation, and we were subject to an immaterial amount of fine. We have terminated our collaboration with the third-party service provider, and the relevant visitor data has been deleted. While we have enhanced our compliance measures since this incident, we cannot assure you that we will always be deemed to be in compliance with data privacy laws and regulations by the relevant authorities.

In addition, we began shipping Smart EVs to Europe in September 2020 and must therefore comply with the General Data Protection Regulation (EU) 2016/679 that became applicable on May 25, 2018, or the GDPR. The GDPR places stringent obligations and operational requirements on processors and controllers of personal data, including requiring expanded disclosures to data subjects about how their personal data is to be used, limitations on retention of information, mandatory data breach notification requirements, and higher standards for data controllers to demonstrate that they have obtained either valid consent or have another legal basis in place to justify their data processing activities. As we further our globalization strategy, we may face additional challenges in additional jurisdictions with respect to privacy, data protection, cybersecurity and information security. If we were found to be in violation of the relevant laws, we could face administrative investigation, disciplinary actions, civil claims and reputational damage. We may incur significant expenses to comply with laws and regulations relating to data privacy, data security and consumer protection, as well as relevant industry standards and contractual obligations. If third parties improperly obtain and use the personal information of our customers, we may be required to expend significant resources to resolve such problems.

In addition to the regulatory requirements, consumer attitudes towards data privacy are also evolving, and consumer concerns about the extent to which their data is collected by us may adversely affect our ability to gain access to data and improve our technologies, products and services. Furthermore, the integrity of our data protection measures could be compromised by system failures, security breaches or cyber-attacks. If we are unable to comply with the applicable laws and regulations or effectively address data privacy and protection concerns, such actual or alleged failure could damage our reputation, discourage consumers from purchasing our Smart EVs and subject us to significant legal liabilities.

Our business and prospects depend significantly on our ability to build our XPENG brand. We may not succeed in continuing to develop, maintain and strengthen our brands, and our brands and reputation could be harmed by negative publicity regarding our company, products or services.

Our business and prospects are heavily dependent on our ability to develop, maintain and strengthen the "XPENG" brand, as well as other brands that we may develop and promote in the future. If we do not continue to develop, maintain and strengthen our brands, we may lose the opportunity to build a critical mass of customers. Promoting and positioning our brands will likely depend significantly on our ability to provide high quality Smart EVs and services, and we have limited experience in these areas. In addition, we expect that our ability to develop, maintain and strengthen our brands will depend heavily on the success of our sales and marketing efforts. For example, we seek to enhance our brand recognition by locating many of our stores in shopping malls. We also advertise our Smart EVs through various online channels, including several social media platforms and e-commerce platforms. While we seek to optimize resource allocation through careful selection of sales and marketing channels, such efforts may not achieve the desired results. Our increasing efforts on expansion through franchise may lead to additional challenges to our branding management. To promote our brands, we may be required to change our branding practices, which could result in substantially increased expenses, including the need to utilize traditional media and offline advertising. If we do not develop and maintain a strong brand, our business, prospects, financial condition and operating results will be materially and adversely impacted.

If incidents, such as self-ignition and products recall, occur or are perceived to have occurred, whether or not such incidents are our fault, we could be subject to adverse publicity. See "—We may choose to or be compelled to undertake product recalls or take other similar actions, which could adversely affect our brand image, business and results of operations." Given the popularity of social media in China, any negative publicity, whether true or not, could quickly proliferate and harm consumer perceptions and confidence in our brand. In addition, from time to time, our Smart EVs are evaluated and reviewed by third parties. Any negative reviews or reviews which compare us unfavorably to competitors could adversely affect consumer perception about our Smart EVs.

Any problems or delays in maintaining operations and expanding the capacity of our Zhaoqing plant and Guangzhou plant or the establishment of new manufacturing base in Wuhan could negatively affect the production of our Smart EVs.

To exercise direct control over product quality and gain more flexibility in adjusting our manufacturing process and production capacity, we built our own plants in Zhaoqing and Guangzhou, Guangdong province. Currently, we manufacture our vehicles at our plants in Zhaoqing and Guangzhou. Our future operation and prospects depend on our ability to successfully maintain the operation, and expand the capacity, of the Zhaoqing plant and the Guangzhou plant. In addition, we need to effectively control cost of production at the Zhaoqing plant and Guangzhou plant. We have limited experience in the production of Smart EVs. Given the size and complexity of this undertaking, it is possible that we may experience issues, delays or cost overruns in further expanding the production output at the Zhaoqing plant and Guangzhou plant.

In September 2020, we entered into a cooperation agreement with Guangzhou GET Investment Holdings Co., Ltd., or Guangzhou GET Investment, a wholly-owned investment company of Guangzhou Economic and Technological Development Zone, which is a local government authority in Guangzhou. The construction of the Guangzhou plant was completed in June 2022 and it houses a broad range of functions, including research and development, manufacturing, vehicle testing and sales. We started manufacturing Smart EVs at the Guangzhou plant in December 2022.

In April 2021, we entered into an investment agreement with Wuhan Economic & Technological Development Zone Management Committee, or Wuhan ETDZ Committee, a local government authority in Wuhan. Pursuant to the investment agreement, Wuhan ETDZ Committee agrees to support our construction of a new manufacturing base and research and development center in the Wuhan Economic & Technological Development Zone. As of March 31, 2025, the construction of our new manufacturing base in Wuhan has been completed, which is currently pending inspection and acceptance procedures conducted by relevant government authorities.

The commencement of its operation may be affected by, among other things, availability of funding, progress of the construction and the installation of production equipment, grant of applicable regulatory approvals, as well as the hiring and retention of qualified employees. Any policy change affecting investments in manufacturing facilities in general may also have an impact on the establishment of our new manufacturing base. There can be no assurance that the new manufacturing base will be able to commence operation for manufacturing of Smart EVs in accordance with our plan. In addition, we may not be able to successfully ramp and maintain its operation. We must also maintain good working relationships with Wuhan ETDZ Committee throughout the term of our cooperation. In addition, upon the commencement of operations of the new manufacturing base in Wuhan, our depreciation expenses will increase, which could adversely affect our results of operations.

If we experience any issues or delays in meeting our projected timelines, maintaining sufficient funding and capital efficiency, increasing production capacity or generating sufficient demand for production in our Zhaoqing, Guangzhou and the establishment of the new manufacturing base in Wuhan, our business, prospects, operating results and financial condition could be adversely impacted.

We are dependent on our suppliers, some of which are single-source suppliers. Suppliers may fail to deliver necessary components of our Smart EVs according to our schedule and at prices, quality levels and volumes acceptable to us.

We procure components from both domestic suppliers and global suppliers, some of which are currently our single-source suppliers for certain components. We attempt to mitigate our supply chain risk by qualifying and obtaining components from multiple sources where practicable and maintaining safety stock for certain key components and components with lengthy procurement lead times. However, we may still experience component shortages for our production, or the components may not meet our specifications or quality needs. For example, some of our suppliers were unable to deliver sufficient components to us during the COVID-19 pandemic. Furthermore, qualifying alternative suppliers or developing our own replacements for certain highly customized components of our Smart EVs may be time consuming and costly. Any disruption in the supply of components, whether or not from a single-source supplier, could temporarily disrupt production of our Smart EVs until an alternative supplier is fully qualified by us or we are able to procure the relevant components in sufficient quantities from other existing suppliers. Any failure to timely find alternative component sources may materially delay delivery of our Smart EVs, which may materially and adversely impact our business and results of operations.

We do not manufacture certain key hardware components for our ADAS, such as semiconductors, millimeter-wave radars, ultrasonic sensors and cameras, and we import certain of such components from foreign countries. The loss of any supplier for any reason, including any export control measures adopted by any foreign country to limit the import of supplies into China, could lead to vehicle design changes, production delays and potential loss of access to important technologies, any of which could result in quality issues, delays and disruptions in deliveries, negative publicity and damage to our brand. In particular, we source a number of semiconductor-contained components from single-source suppliers. If any of such suppliers fails to meet our demand, it may take us significant time, and we may incur significant expenses to find alternative suppliers and quantify their components. In October 2022, the BIS released broad changes in export controls, including new regulations restricting the export to China of advanced semiconductors, supercomputer technology, equipment for the manufacturing of advanced semiconductors and associated components and technology. On October 17, 2023, the BIS announced additional semiconductor regulations expanding and enhancing export controls under the October 2022 regulations. In December 2024, the BIS announced further restrictions on the export of technologies relating to advanced-node semiconductors. On January 13, 2025, BIS announced an export control framework for artificial intelligence diffusion with a three-tier export authorization regime for advanced computing chips, under which China would be subject to a presumption of denial, as well as export controls on certain closed artificial intelligence model weights. These export controls and regulatory restrictions, as well as other similar regulatory restrictions that may be imposed from time to time, may adversely affect our suppliers' capability to provide us with qualified products that meet our standard. There can be no assurance that the United States or other countries will not impose more stringent export controls that may prohibit or restrict our ability to, directly or indirectly, source semiconductor and other components and raw materials, or otherwise affect our business. It is difficult to predict what further trade-related actions the United States or other governments may take, and we may be unable to quickly and effectively react to or mitigate such actions. See "—The shortage in the supply of semiconductors may be disruptive to the Group's operations and adversely affect our business, results of operations and financial condition." for details. In addition, our suppliers may fail to comply with applicable laws and regulations, or they may be involved in product liability claims or incidents of negative publicity. If any of these incidents occur, customers may also lose confidence in our Smart EVs that incorporate components from the relevant suppliers, and our reputation, business and results of operations could be adversely affected. Developments that we cannot presently anticipate, such as changes in business conditions or government policies, natural disasters or epidemics, could also affect our suppliers' ability to deliver components to us in a timely manner.

Any significant increases in our production, such as the launch of a new model, has required and may in the future require us to procure additional components in a short amount of time. Our suppliers may not ultimately be able to sustainably and timely meet our cost, quality and volume needs, requiring us to replace them with other sources. While we believe that we will be able to secure additional or alternative sources of supply for most of our components in a relatively short time frame, there is no assurance that we will be able to do so or develop our own replacements for certain highly customized components. Additionally, we continuously negotiate with existing suppliers to obtain cost reductions and avoid unfavorable changes to terms, seek new and less expensive suppliers for certain parts, and attempt to redesign certain parts to make them less expensive to produce. If we are unsuccessful in our efforts to control and reduce supplier costs, our operating results will suffer.

Furthermore, as the scale of our Smart EV production increases, we will need to accurately forecast, purchase, warehouse and transport components to the relevant manufacturing facilities and service stores and at much higher volumes. If we are unable to accurately match the timing and quantities of component purchases to our actual needs or successfully implement automation, inventory management and other systems to accommodate the increased complexity in our supply chain, we may incur unexpected production disruption, as well as storage, transportation and write-off costs. If we fail to accurately forecast the demand, including with respect to our vehicle models that are at or near the end of production cycle, we may experience inventory obsolescence and inventory shortage risk. We have incurred losses on purchase commitments mainly for raw materials in relation to the cessation of G3i in 2023 and in relation to the cessation of the P5 in 2024 and upgrades of certain models, and similar losses may occur in the future. All of the above could have a material adverse effect on our financial condition and operating results.

Increases in costs, disruption of supply or shortage of components and materials could have a material adverse impact on our business.

We incur significant costs related to procuring components and raw materials required to manufacture our Smart EVs. We may experience cost increases, supply interruption and/or shortages relating to components and raw materials, which could materially and adversely impact our business, prospects, financial condition and operating results. We use various components and raw materials in our business, such as steel and aluminum, as well as lithium battery cells, millimeter-wave radar, or mmWave radar, and semiconductors. The prices for these components and materials fluctuate, and their available supply may be unstable, depending on market conditions and global demand for these materials, including as a result of increased production of EVs by our competitors, and could adversely affect our business and operating results. In addition, as we continue to increase our production, we may experience shortage of certain components and materials or other bottlenecks in our supply chain.

For instance, we are exposed to multiple risks relating to lithium battery cells. These risks include:

- an increase in the cost, or decrease in the available supply, of materials used in the battery cells, such as lithium, nickel, cobalt and manganese, which would in turn result in an increase in the cost of lithium battery cells;
- disruption in the supply of battery cells due to quality issues or recalls by battery cell manufacturers; and
- the inability or unwillingness of our current battery cell manufacturers to build or operate battery cell manufacturing plants to supply the numbers of lithium cells required to support the growth of the EV industry as demand for such battery cells increases.

Our business is dependent on the continued supply of battery cells for the battery packs used in our Smart EVs. While we believe several sources of the battery cells are available for such battery packs, we have to date fully qualified only a very limited number of suppliers for the battery cells used in such battery packs and have very limited flexibility in changing battery cell suppliers. Any disruption in the supply of battery cells from such suppliers could disrupt production of our Smart EVs until such time as a different supplier is fully qualified. There can be no assurance that we would be able to successfully retain alternative suppliers on a timely basis, on acceptable terms or at all. For example, we have experienced certain supply shortages of mmWave radar in the past, which affected our vehicle deliveries.

Furthermore, tariffs or shortages in petroleum and other economic conditions may result in significant increases in freight charges and material costs. In addition, a growth in popularity of EVs without a significant expansion in battery cell production capacity could result in shortages which would result in increased materials costs to us or impact our prospects. Substantial increases in the prices for our raw materials or components would increase our operating costs, and could reduce our margins if we cannot recoup the increased costs through increased vehicle prices. Any attempts to increase product prices in response to increased material costs could result in decrease in sales and therefore materially and adversely affect our brand, image, business, prospects and operating results.

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

We started the production of our first mass-produced Smart EV, the G3, in November 2018 and our second mass-produced Smart EV, the P7, in May 2020. Since then we have successively launched and delivered a number of vehicle models and their variants, and as of the date of this annual report, our product offering included the P7i, the G9, the G6, the X9, the MONA M03 and the P7+. We plan to continuously introduce new models and facelifts to enrich our product portfolio and offer customers more selections. OEMs often experience delays in the design, manufacture and commercial release of new Smart EV models. Delays in the launch of new models and new versions may occur for a variety of reasons, such as changes in market conditions, technological challenges, lack of necessary funding, as well as disruptions in our supply chain or manufacturing facilities. To the extent we need to delay the launch of our Smart EVs, our growth prospects could be adversely affected as we may fail to grow our market share. We also plan to periodically perform facelifts or refresh existing models, which could also be subject to delays.

Furthermore, we rely on third-party suppliers for the provision and development of many of the key components used in our Smart EVs. To the extent our suppliers experience any delays in providing us with or developing necessary components or experience quality issues, we could experience delays in delivering on our timelines. Any delay in the manufacture of our existing Smart EV models or the manufacture and launch of our future models, including in the ramp up of our Zhaoqing plant and Guangzhou plant or due to any other factors, or in performing facelifts to existing models, could lead to customer dissatisfaction and materially and adversely affect our reputation, demand for our Smart EVs, results of operations and growth prospects.

We may choose to or be compelled to undertake product recalls or take other similar actions, which could adversely affect our brand image, business and results of operations.

If our Smart EVs are subject to recalls in the future, we may be subject to adverse publicity, damage to our brand and liability for costs. Effective on January 30, 2021, we voluntarily recalled certain of the G3s that were produced in the period between March 29, 2019 and September 27, 2020, which totaled 13,399 units. Due to a possible power supply fault of the inverters installed on these G3s, the vehicles may not start when parked or lose power when driven. In connection with the recall, we undertake to replace the inverters of these G3s free of charge. As the relevant components' supplier is responsible for the costs of replacing inverters, our costs and expenses for the recall are minimal. As of the date of this annual report, we have not received any material product liability claims in relation to these recalled G3s.

In the future, we may at various times, voluntarily or involuntarily, initiate a recall if any of our Smart EVs, including any systems or parts sourced from our suppliers, prove to be defective or noncompliant with applicable laws and regulations. Such recalls, whether voluntary or involuntary or caused by systems or components engineered or manufactured by us or our suppliers, could involve significant expense and could adversely affect our brand image, business and results of operations.

If we are unable to provide quality customer services, our business and reputation may be materially and adversely affected.

We aim to provide customers with a good customer service experience, including providing our customers with access to a comprehensive suite of charging solutions, after-sales services and value-added services, as well as software sale. Our services may fail to meet our customers' expectations, which could adversely affect our business, reputation and results of operations.

Offline after-sale services are primarily carried out by franchised service stores. We and our franchisees have limited experience in servicing our Smart EVs. Servicing EV is different from servicing ICE vehicles and requires specialized skills, including high voltage training and servicing techniques. There can be no assurance that our after-sale service arrangements will adequately address the service requirements of our customers to their satisfaction, or that we and our franchisees will have sufficient resources to meet these service requirements in a timely manner as the volume of Smart EVs we deliver increases. Moreover, we provide value-added services, including insurance technology support, automotive loan referral and auto financing, and we may expand our value-added services in the future. However, we cannot assure you that we will be able to successfully monetize our value-added services.

In addition, we seek to engage with our customers on an ongoing basis using online and offline channels. If we are unable to roll out and establish a broad service network covering both online and offline channels, customer experience could be adversely affected, which in turn could materially and adversely affect our sales, results of operations and prospects.

We may face challenges in providing charging solutions.

We have marketed our ability to provide our customers a convenient charging experience. We offer installation of home chargers for our customers. Customers may also charge through XPENG self-operated charging station network or at third-party charging stations. We plan to expand our charging network primarily by partnering with third parties. There can be no assurance that our partners will continue to expand their charging facilities, or that such partners will continue their cooperation on terms acceptable to us, or at all. As a result, we may need to invest significant capital to establish and operate more XPENG self-operated charging stations and/or engage additional franchisees to operate such stations. In addition, the installation of home chargers is handled by third-party service providers, and their service may not meet our customers' expectations. To the extent we or the relevant third parties are unable to meet customer expectations or experience difficulties in providing charging solutions, our reputation and business may be materially and adversely affected.

The range of our Smart EVs on a single charge declines over time which may negatively influence potential customers' decisions whether to purchase our Smart EVs.

The range of our Smart EVs on a single charge declines principally as a function of usage, time and charging patterns as well as other factors. For example, a customer's use of his or her Smart EV as well as the frequency with which the battery is charged can result in additional deterioration of the battery's ability to hold a charge. Battery deterioration and the related decrease in range may negatively influence potential customer decisions whether to purchase our Smart EVs, which may adversely affect our ability to market and sell our Smart EVs. There can be no assurance that we will be able to continue to improve cycle performance of our battery packs in the future.

Our industry is rapidly evolving and may be subject to unforeseen changes. Developments in alternative technologies or improvements in the ICE may materially and adversely affect the demand for our Smart EVs.

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

Developments in alternative technologies, such as advanced diesel, ethanol, fuel cells or compressed natural gas, or improvements in the fuel economy of the internal combustion engine, may materially and adversely affect our business and prospects in ways we do not currently anticipate. In addition, a sustained depression of petroleum price could make the ownership of ICE vehicles more attractive to consumers. Any failure by us to successfully react to changes in alternative technologies and market conditions could materially harm our competitive position and growth prospects.

Our future growth is dependent upon consumers' willingness to adopt EVs and specifically our Smart EVs.

The demand for our Smart EVs and services will highly depend upon the adoption by consumers of NEVs in general and EVs in particular. The market for NEVs is still rapidly evolving, characterized by rapidly changing technologies, prices and the competitive landscape, evolving government regulation and industry standards and changing consumer demands and behaviors.

Other factors that may influence the adoption of NEVs, and specifically EVs, include:

- perceptions about EV quality, safety, design, performance and cost, especially if adverse events or accidents occur that are linked to the quality or safety of EVs, whether or not such vehicles are produced by us or other OEMs;
- perceptions about vehicle safety in general, in particular safety issues that may be attributed to the use of advanced technologies, such as ADAS and lithium battery cells;
- the limited range over which EVs may be driven on a single battery charge and the speed at which batteries can be charged;
- the decline of an EV's range resulting from deterioration over time in the battery's ability to hold a charge;
- the availability of other types of NEVs, including plug-in hybrid electric vehicles;
- improvements in the fuel economy of the internal combustion engine;
- the availability of after-sales service for EVs;
- the environmental consciousness of consumers;
- access to charging stations, standardization of EV charging systems and consumers' perceptions about convenience and cost for charging an EV;
- the availability of tax and other governmental incentives to purchase and operate EVs or future regulation requiring increased use of nonpolluting vehicles;
- perceptions about and the actual cost of alternative fuel; and
- macroeconomic factors.

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

If we fail to effectively manage the risks related to our auto financing program, our business may be adversely affected.

We cooperate with banks and connect them with customers who seek automotive financing solutions. We believe the availability of financing options is important to our customers. If affordable automotive financing solutions are not available for our customers, we may not be able to grow our sales. To complement the banks' services, we also offer auto financing to our customers through a wholly-owned subsidiary. Such auto financing program is treated as an installment payment program for accounting purposes and the Group records the relevant installment payment receivables on its balance sheets. As of December 31, 2024, the Group had installment payment receivables of RMB7,007.2 million. As we continue to grow our business, we may increase the amount of auto financing we offer. We may not be able to obtain adequate funding for our auto financing program. We may also fail to effectively manage the credit risks related to our auto financing program, which would materially and adversely affect our business, results of operations and financial condition. In 2022, 2023 and 2024, the amount of current expected credit loss of installment payment receivables was RMB44.0 million, RMB47.4 million and negative RMB16.7 million, respectively. In addition, if we do not successfully monitor and comply with applicable national and/or local financial regulations and consumer protection laws governing auto financing transactions, we may become subject to enforcement actions or penalties, which would adversely affect our business.

Any cyber-attacks, unauthorized access or control of our Smart EVs' systems could result in loss of confidence in us and our Smart EVs and harm our business.

Our Smart EVs contain complex information technology systems to support smart technology functions and to accept and install periodic OTA firmware updates. We have designed, implemented and tested security measures intended to prevent unauthorized access to our information technology networks and our Smart EVs' technology systems. However, hackers may attempt to gain unauthorized access to modify, alter and use such networks and systems. We encourage reporting of potential vulnerabilities in the security of our Smart EVs, and we aim to remedy any reported and verified vulnerability. However, there can be no assurance that vulnerabilities will not be exploited in the future before they can be identified, or that our remediation efforts are or will be successful. Any cyber-attacks, unauthorized access, disruption, damage or control of our information technology networks or our Smart EVs' systems or any loss or leakage of data or information stored in our systems could result in legal claims or proceedings. In addition, regardless of their veracity, reports of cyber-attacks to our information technology networks or our Smart EVs' systems or data, as well as other factors that may result in the perception that our information technology networks or our Smart EVs' systems or data are vulnerable to "hacking," could negatively affect our brand and harm our business, prospects, financial condition and results of operation.

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

We enable our customers to access a variety of features and services through our mobile Apps. In addition, certain of Smart EVs' features depend to a certain extent on connectivity to our information technology systems. As such, the availability and effectiveness of our services depend on the continued operation of our information technology and communications systems. Our systems are vulnerable to damage or interruption from, among others, fire, terrorist attacks, natural disasters, power loss, telecommunications failures, computer viruses or other attempts to harm our systems. Our data centers are also subject to break-ins, sabotage, and intentional acts of vandalism, and to potential disruptions. Some of our systems are not fully redundant, and our disaster recovery planning cannot account for all eventualities. Any problems at our data centers could result in lengthy interruptions in our service. In addition, our products and services are highly technical and complex and may contain errors or vulnerabilities, which could result in interruptions in our services or the failure of our systems.

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

We are subject to anti-corruption, anti-bribery and similar laws and regulations in various jurisdictions in which we conduct activities. We have direct or indirect interactions with officials and employees of government agencies and state-owned affiliated entities in the ordinary course of business. These interactions subject us to an increased level of compliance-related concerns. We have implemented policies and procedures designed to ensure compliance by us and our directors, officers, employees, representatives, consultants, agents and business partners with applicable anti-corruption and anti-bribery and similar laws and regulations. However, our policies and procedures may not be sufficient, and our directors, officers, employees, representatives, consultants, agents, and business partners could engage in improper conduct for which we may be held responsible.

Non-compliance with anti-corruption or anti-bribery laws and regulations could subject us to whistleblower complaints, adverse media coverage, investigations, and severe administrative, civil and criminal sanctions, collateral consequences, remedial measures and legal expenses, all of which could materially and adversely affect our business, results of operations, financial condition and reputation.

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

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

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

Misconduct by our employees during and before their employment with us could expose us to potentially significant legal liabilities, reputational harm and/or other damages to our business.

Many of our employees play critical roles in ensuring the safety and reliability of our products and services and/or our compliance with relevant laws and regulations in the areas including, but not limited to, trade secrets, privacy, data protection, anti-corruption and anti-money laundering. Certain of our employees have access to sensitive information and/or proprietary technologies and know-how. While we have adopted codes of conduct for all of our employees and implemented detailed policies and procedures relating to intellectual property, proprietary information and trade secrets, we cannot assure you that our employees will always abide by these codes, policies and procedures nor that the precautions we take to detect and prevent employee misconduct will always be effective. If any of our employees engage in any misconduct, illegal or suspicious activities, including but not limited to, misappropriation or leakage of sensitive client information or proprietary information, we and such employees could be subject to legal claims and liabilities and our reputation and business could be adversely affected as a result.

Sales staff at our stores, including both our employees and franchisees' employees, may fail to strictly adhere to our pricing and sales policies. Such non-compliance of internal policies may result in confusion and dissatisfaction among our customers. As a result, we have been subject to, and may continue to be subject to, customer complaints, negative publicity and government investigation. Any adverse finding in government investigation may lead to fines, forfeitures of government subsidies or other penalties, which could have a material and adverse impact on our reputation, business and results of operation.

Illegal, fraudulent, corrupt or collusive activities or misconduct, whether actual or perceived, by our employees, representatives, agents, business partners or service providers could subject us to liability or negative publicity, which could severely damage our brand and reputation. In addition, while we have screening procedures during the recruitment process, we cannot assure you that we will be able to uncover misconduct of job applicants that occurred before we offered them employment, or that we will not be affected by legal proceedings against our existing or former employees as a result of their actual or alleged misconduct. For example, one former employee of ours was arrested and then charged in July 2018 with stealing trade secrets from his previous employer, Apple. Although the alleged theft occurred before he was employed by us, we were subpoenaed by the grand jury to produce certain documents. On August 22, 2022, the former employee pleaded guilty to the charge of theft of trade secrets and entered into a plea agreement. Although we are unaffected by the former employee's final sentencing, any future occurrences of similar incidents may divert our management's attention and resources, adversely affect our operations and business, cause reputational harm to the Company and expose us to significant legal liabilities.

Another former employee of ours was sued by Tesla in March 2019 for misappropriation of trade secrets while he was employed by Tesla. We cooperated with Tesla and provided various documents and information relating to the employee to Tesla upon their request. After over two years of litigation and extensive discovery effort, a joint stipulation of dismissal with prejudice was filed by this former employee and Tesla on April 15, 2021, and it is disclosed that the parties entered into a confidential settlement agreement to resolve all claims asserted in the action.

While we have put in place various safeguards to address the risk of unauthorized third-party information being introduced into our systems or used in our operations, and based on internal investigation, we are confident that neither of these two former employees introduced or used any external confidential information in our systems or business operations, we had to spend significant amount of time and efforts to handle these matters and answer related inquiries. Moreover, we could be involved in other proceedings, or be forced to defend against allegations that may arise in the future, even when such allegations are not justified. Any negative publicity surrounding these cases, especially in the event that any of such employees or former employees is found to have committed any wrongdoing, could negatively affect our reputation and may have an adverse impact on our business.

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

If we become liable for product liability claims, our business, operating results and financial condition may be harmed. The automotive industry experiences significant product liability claims, and we face inherent risk of exposure to claims in the event our Smart EVs do not meet applicable standards or requirements, resulting in property damage, personal injury or death. Our risks in this area are particularly pronounced given we have limited experience of offering Smart EVs. Although we implement full-cycle quality control, covering design, procurement, production, sales and after-sales services, we cannot assure you that our quality control measures will be as effective as we expect. Any failure in any of our quality control steps would cause a defect in our Smart EVs, and in turn, could harm our customers. A successful product liability claim against us could require us to pay a substantial monetary award. Moreover, a product liability claim could generate substantial negative publicity about our Smart EVs and business and inhibit or prevent commercialization of our future Smart EVs, which would have a material adverse effect on our brand, business, prospects, financial condition and results of operations.

In China, vehicles must meet or exceed all mandated safety standards. Rigorous testing and the use of approved materials and equipment are among the requirements for achieving such standards. Vehicles must pass various tests and undergo a certification process and be affixed with China Compulsory Certification, or CCC, before receiving delivery from the factory, being sold, or being used in any commercial activity, and such certification is also subject to periodic renewal. Although our Smart EV models currently for sale have received CCC certifications, we cannot assure you that each of our future Smart EV models will be able to receive such certifications. Furthermore, the government carries out the supervision and inspection of certified vehicles on a regular basis. In the event that our certification fails to be renewed upon expiry, a certified vehicle has a defect resulting in quality or safety accidents, or consistent failure of certified vehicles to comply with certification requirements is discovered during follow-up inspections, the CCC may be suspended or even revoked. With effect from the date of revocation or during suspension of the CCC, any vehicle that fails to satisfy the requirements for certification may not continue to be delivered, sold or used in any commercial activity. Failure of any of our Smart EV models to satisfy motor vehicle standards would have a material adverse effect on our business, prospects, financial condition and results of operations.

Our Smart EVs make use of lithium cells, and lithium cells may catch fire or vent smoke and flame on rare occasions.

Our Smart EVs' battery packs make use of lithium cells. On rare occasions, lithium cells can rapidly release the energy they contain by venting smoke and flames in a manner that can ignite nearby materials as well as other lithium cells. While our batteries are built with robust safety features and strong thermal management capabilities, there can be no assurance that our batteries will always function safely. If any safety accident occurs to any of our Smart EVs' battery pack, we could be subject to lawsuits, product recalls or redesign efforts, all of which would be time consuming and expensive. Also, negative public perceptions regarding the suitability of lithium cells for automotive applications or any future incident involving lithium cells, such as a vehicle fire, even if such incident does not involve our Smart EVs, could seriously harm customers' confidence in our Smart EVs.

Furthermore, we may store high volumes of lithium cells and battery modules and packs at our facilities. Any mishandling of battery cells may cause disruption to the operation of such facilities. While we have implemented safety procedures related to the handling of the cells, there can be no assurance that a safety issue or fire related to the cells would not disrupt our operations. Any such disruptions or issues may harm our brand and business.

If our Smart EV owners customize our Smart EVs or change the charging infrastructure with aftermarket products, the Smart EV may not operate properly.

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

We may need to defend ourselves against claims for intellectual property infringement, which may be time-consuming and would cause us to incur substantial costs.

Companies, organizations or individuals, including our competitors, may hold or obtain patents, trademarks or other proprietary rights that would prevent, limit or interfere with our ability to make, use, develop, sell or market our Smart EVs, which could make it more difficult for us to operate our business. From time to time, we may receive communications from holders of patents, copyrights or trademarks regarding their proprietary rights. Companies holding patents, copyrights, trademarks or other intellectual property rights may bring suits alleging infringement of such rights by us or our employees or otherwise assert their rights and urge us to take licenses. Any such intellectual property infringement claim could result in costly litigation and divert our management's attention and resources.

If we or our employees are determined to have infringed upon a third party's intellectual property rights, we may be required to do one or more of the following:

- cease offering Smart EVs or services that incorporate or use the challenged intellectual property;
- pay substantial damages;

- seek a license from the holder of the infringed intellectual property right, which license may not be available on reasonable terms or at all;
- redesign our Smart EVs or relevant services which would incur significant cost; or
- establish and maintain alternative branding for our Smart EVs and services.

In the event of a successful claim of infringement against us and our failure or inability to obtain a license to the infringed technology or other intellectual property right, our business, prospects, financial condition and results of operation could be materially and adversely affected. In addition, any litigation or claims, whether or not valid, could result in substantial costs, negative publicity and diversion of resources and management attention.

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

We rely on a combination of patents, trademarks, copyrights, trade secrets and confidentiality agreements to protect our proprietary rights. We rely on trademark and patent law, trade secret protection and confidentiality and license agreements with our employees and others to protect our intellectual proprietary rights. In addition, any unauthorized use of our intellectual property by third parties may adversely affect our current and future revenues and our reputation.

There can be no assurance that our application for the registration with competent government authorities of trademarks and other intellectual property rights related to our current or future business will be approved, or our intellectual property rights will not be challenged by third parties or found by the relevant governmental or judicial authority to be invalid or unenforceable. From time to time, we may encounter difficulties registering our trademarks or other intellectual properties or have disputes with third parties regarding our trademarks or other intellectual properties. If the relevant trademarks or other intellectual properties could not be registered, we may fail to prevent others from using such intellectual properties, and our business, financial condition and results of operations may be materially and adversely affected.

Intellectual property protection may not be sufficient in the jurisdictions in which we operate. Furthermore, policing unauthorized use of proprietary technology is difficult and expensive. Despite our efforts to protect our proprietary rights, third parties may attempt to copy or otherwise obtain and use our intellectual property or seek court declarations that they do not infringe upon our intellectual property rights. Monitoring unauthorized use of our intellectual property is difficult and costly, and we cannot assure you that the steps we have taken or will take will prevent misappropriation of our intellectual property. From time to time, we may have to resort to litigation to enforce our intellectual property rights, which could result in substantial costs and diversion of our resources.

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

The use of certain premises may be disrupted if the land-use-purpose statutory provisions are strictly enforced by competent government authorities.

We lease a number of properties for our stores, service centers, offices and self-operated charging stations across China. Certain leased properties are not used in accordance with the designated purposes of such properties. For example, some stores or offices are currently located on lands designated for industrial usage instead of commercial usage. Under the PRC legal regime regarding the land use right, land shall be used strictly in line with the approved usage of the land. Any change as contemplated to the usages of land shall go through relevant land alteration registration procedures. If any state-owned land is illegally used beyond the approved usage, the land administrative departments of the PRC governments at and above the county level may retrieve the land and impose a fine. As such, our usage of such leased properties may subject the landlords to retrieval of land or removal of the buildings by the PRC government authorities and therefore we may need to move our stores, offices or charging stations somewhere else and additional relocation costs will be incurred.

In addition, certain leased properties had been mortgaged by the landlords to third parties before entering into lease agreements with us, and certain lessors of our leased properties failed to provide the building ownership certificates or other evidence demonstrating their rights to lease such properties. If the mortgagees of the leased properties exercise their mortgage right or the lessors do not actually have the rights to lease the relevant properties to us, we will not be able to continue our leases on the said properties and therefore we may need to relocate the relevant functions somewhere else and additional relocation costs will be incurred.

Our insurance coverage strategy may not be adequate to protect us from all business risks.

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

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

In order to operate our business, we need to obtain a series of licenses, permits and approvals, make filings or complete registrations according to relevant PRC laws and regulations. However, given that the PRC authorities may have certain discretion in interpreting, implementing and enforcing relevant rules and regulations, as well as other factors beyond our control, we cannot guarantee you that we have obtained or will be able to obtain and maintain all requisite licenses, permits, filings and registrations.

For example, PRC governments impose sanctions for engaging in value-added telecommunication services, or the VATS, without having obtained the VATS licenses for relevant categories. These sanctions include corrective orders and warnings from the PRC communication administration authority, fines and confiscation of illegal gains and, in the case of significant infringements, the websites and mobile Apps may be ordered to cease operation. We have obtained two VATS licenses for Internet content provider, each held by Zhipeng IoV and Yidian Chuxing, which are two of the Group VIEs, respectively. Given that the interpretation of such regulations and PRC regulatory authorities' enforcement of such regulations in the context of VATS industry are evolving, it is unclear whether we are required to obtain other VATS licenses. In addition, we are also seeking to restore our possession of the Surveying and Mapping Qualification Certificate for the operation of land surface mobile surveying and preparing true three-dimensional maps and navigation electronic maps. Furthermore, we also obtained an insurance agency business permit to conduct an insurance agency business, which is subject to regulation and inspection by the insurance regulatory authorities from time to time. Such insurance agency business permit is held by GIIA, which is also one of the Group VIEs. If we are not able to comply with all applicable legal requirements or obtain or renew necessary licenses and permits in a timely manner, we may be subject to fines, confiscation of the gains derived from our non-compliant operations or suspension of our non-compliant operations, any of which may materially and adversely affect our business, financial condition and results of operations.

Certain of our operating subsidiaries that are providing repair and maintenance services have not made the automobile maintenance and management filing with competent government authorities. We may be ordered by the competent government authorities to rectify such non-compliance and failure to rectify such non-compliance may result in fines.

In addition, we may be required to obtain a License for Online Transmission of Audio and Visual Programs, as we allow users of our XPENG mobile App to upload and share audio and video content on the mobile App from time to time. If the government authorities determine that the audio and video uploading feature on our XPENG mobile App should be subject to this license requirement, we may be required to obtain necessary license and may even be subject to penalties, fines, legal sanctions and/or an order to remove such feature. As of the date of this annual report, we have not received any notice of warning or been subject to penalties or other disciplinary action from the relevant government authorities regarding the lack of a License for Online Transmission of Audio and Visual Programs.

We may from time to time be subject to claims, disputes, lawsuits and other legal and administrative proceedings.

We are currently not party to any material legal or administrative proceedings. However, in light of the nature of our business, we and our management are susceptible to potential claims or disputes. We and certain of our management have been, and may from time to time in the future be, subject to or involved in various claims, disputes, lawsuits and other legal and administrative proceedings. Lawsuits and litigations may cause us to incur defense costs, utilize a significant portion of our resources and divert management's attention from our day-to-day operations, any of which could harm our business. Claims arising out of actual or alleged violations of law, breach of contract or torts could be asserted against us by customers, business partners, suppliers, competitors, employees or governmental entities in investigations and legal proceedings. In particular, according to the PRC Social Insurance Law and the Administrative Measures on Housing Fund, employers are required, together with their employees or separately, to pay the social insurance premiums and housing funds for their employees. Employers that fail to make adequate social insurance and housing fund contributions may be subject to fines and legal sanctions. If the relevant PRC authorities determine that we shall make supplemental contributions, that we are not in compliance with labor laws and regulations, or that we are subject to fines or other legal sanctions, such as order of timely rectification, and our business, financial condition and results of operation may be adversely affected.

We are subject to various environmental and safety laws and regulations that could impose substantial costs upon us and cause delays in building our manufacturing facilities.

We are subject to multiple environmental and safety laws and regulations related to the manufacture of our Smart EVs, including the use of hazardous materials in the manufacturing process and the operation of our manufacturing plant. Such laws and regulations govern the use, storage, discharge and disposal of hazardous materials during the manufacturing process.

In addition, from time to time, the government of the PRC issues new regulations, which may require additional actions on our part to comply. If our Zhaoqing plant and Guangzhou plant or any of our other future constructions fails to comply with applicable regulations, we could be subject to substantial liability for clean-up efforts, personal injury or fines or be forced to close or temporarily cease the operations of the Zhaoqing plant and Guangzhou plant or other relevant constructions, any of which could have a material adverse effect on our business, prospects, financial condition and results of operation. Moreover, if we intend to increase our capacity in the future by establishing new manufacturing bases, we will be required to obtain certain environmental, construction and safety approvals and complete certain examination and acceptance procedures for these facilities. We may not be able to obtain such approvals or complete such procedures in a timely manner or at all. If for any reason the relevant government authorities determine that we are not in compliance with environmental and construction laws and regulations, we may be required to pay fines, suspend or cease our operations in the relevant premises.

Moreover, environmental and social laws and regulations, including climate regulations, are also increasing with a variety of stakeholders, including regulators seeking more information and disclosure on related risks and impacts. For example, we may be subject to the requirements of the EU Corporate Sustainability Reporting Directive (and its implementing laws and regulations) and other EU directives or EU and EU member state regulations. Compliance with these laws and regulations may require us to incur significant additional costs, including the implementation of significant additional internal controls processes and procedures regarding matters that have not been subject to such controls in the past, and impose increased oversight obligations on our management and board of directors, as well as require us to hire third party experts. These requirements are evolving and may not always be uniform across jurisdictions in which we operate, which may further increase compliance burden and associated regulatory and reporting costs and complexity.

If we fail to maintain proper and effective internal controls, our ability to produce accurate financial statements on a timely basis could be impaired.

We are subject to the reporting requirements of the Exchange Act, the Sarbanes-Oxley Act and the rules and regulations of the NYSE. The Sarbanes-Oxley Act requires, among other things, that we maintain effective disclosure controls and procedures and internal controls over financial reporting. Commencing with our fiscal year ended December 31, 2021, we must perform system and process evaluation and testing of our internal controls over financial reporting to allow management to report on the effectiveness of our internal controls over financial reporting in our Form 20-F filing for that year, as required by Section 404 of the Sarbanes-Oxley Act. In addition, beginning at the same time, our independent registered public accounting firm must attest to and report on the effectiveness of our internal control over financial reporting.

As of December 31, 2024, our management has concluded that our internal control over financial reporting was effective. See "Item 15. Controls and Procedures—Management's Annual Report on Internal Control over Financial Reporting." Our independent registered public accounting firm has issued a report, which has concluded that we maintained, in all material respects, effective internal control over financial reporting as of December 31, 2024.

However, our internal control over financial reporting may not prevent or detect all errors and all fraud. A control system, no matter how well designed and operated, can provide only reasonable, not absolute, assurance that the control system's objectives will be met. Because of the inherent limitations in all control systems, no evaluation of controls can provide absolute assurance that misstatements due to error or fraud will not occur or that all control issues and instances of fraud will be detected.

If we are unable to maintain proper and effective internal controls, we may not be able to produce timely and accurate financial statements. If that were to happen, the market price of our ADSs and/or Class A ordinary shares could decline, and we could be subject to sanctions or investigations by the NYSE, SEC or other regulatory authorities.

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

We have invested and expect to continue to invest significantly in what we believe is state of the art tooling, machinery and other manufacturing equipment in our manufacturing facilities, and we depreciate the cost of such equipment over their expected useful lives. However, manufacturing technology may evolve rapidly, and we may decide to update our manufacturing process with cutting-edge equipment more quickly than expected. Moreover, as our engineering and manufacturing expertise and efficiency increase, we may be able to manufacture our Smart EVs using less of our installed equipment. The useful life of any equipment that would be retired early as a result would be shortened, causing the depreciation on such equipment to be accelerated, and to the extent we own such equipment, our results of operations could be negatively impacted.

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

We offer competitive warranty terms. We accrue a warranty reserve for the Smart EVs sold by us, which includes our best estimate of the projected costs to repair or replace items under warranties and recalls when identified. We generally make warranty reserve by multiplying the expected unit costs for warranty services by the sales volume. We have limited experience with warranty claims regarding our Smart EVs or with estimating warranty reserves. As of December 31, 2024, we had warranty reserves in respect of our Smart EVs of RMB1,198.7 million. We could, in the future, become subject to significant and unexpected warranty claims, resulting in significant expenses, which would in turn materially and adversely affect our business, prospects, financial condition and results of operation.

We could be adversely affected by political tensions between the United States and China.

Political tensions between the United States and China have escalated in recent years due to, among other things,

- the trade war between the two countries since 2018;
- the COVID-19 pandemic;
- the PRC National People's Congress' passage of Hong Kong national security legislation;
- the imposition of U.S. sanctions on certain Chinese officials from China's central government and the Hong Kong Special Administrative Region by the U.S. government, and the imposition of sanctions on certain individuals from the United States by the Chinese government;
- the imposition of U.S. export restrictions on certain advanced computing semiconductors and semiconductor manufacturing equipment by the U.S. government;
- various executive orders issued by the U.S. government, which include, among others:
  - the executive order issued in August 2020, as supplemented and amended from time to time, which prohibits certain transactions with ByteDance Ltd., Tencent Holdings Ltd. and the respective subsidiaries of such companies;
  - the executive order issued in November 2020, as supplemented and amended from time to time, including, among others, by an executive order issued in June 2021, that prohibits U.S. persons from transacting publicly traded securities of certain Chinese companies named in such executive order; and
  - the executive order issued in January 2021, as supplemented and amended from time to time, which prohibits such transactions as are identified by the U.S. Secretary of Commerce with certain "Chinese connected software applications," including Alipay and WeChat Pay;
- the imposition and application of sanction blocking statutes by the Chinese government, including the Rules on Counteracting Unjustified Extra-territorial Application of Foreign Legislation and Other Measures promulgated by the MOFCOM, on January 9, 2021, which will apply to Chinese individuals or entities that are purportedly barred by a foreign country's law from dealing with nationals or entities of a third country;
- the statement by the President of the United States on February 29, 2024, directing the U.S. Department of Commerce to investigate the national security risks from connected vehicles that incorporate technology from countries of concern, including China, and the subsequent rulemaking by BIS that prohibits the sale or import into the United States of certain vehicle connectivity system hardware and certain connected vehicles;
- the inclusion of certain Chinese companies by the U.S. Department of Defense on its list of "Chinese military companies" that are "operating directly or indirectly in the United States" in accordance with Section 1260H of the National Defense Authorization Act;
- the effectiveness of a program in January 2025 established by the U.S. Department of the Treasury, which imposed restrictions on U.S. outbound investment transactions involving persons of a "country of concern," a designation currently limited to China, in certain technology sectors;
- the "America First Investment Policy" memorandum released by the President of the United States on February 21, 2025, which directed rulemaking by federal agencies that could further limit U.S. inbound and outbound investments involving China; and
- the tariffs and other trade protection measures announced by the United States and China in 2025 (see "—Risks Relating to Our Business and Industry—We are subject to the risks associated with international trade policies, geopolitics and trade protection measures, and our business, financial condition and results of operations could be adversely affected").

Rising political tensions between China and the U.S. could reduce levels of trades, investments, technological exchanges and other economic activities between the two major economies, which would have a material adverse effect on global economic conditions and the stability of global financial markets. The measures taken by the U.S. and Chinese governments may have the effect of restricting our ability to transact or otherwise do business with entities within or outside of China and may cause investors to lose confidence in Chinese companies and counterparties, including us. If we were unable to conduct our business as it is currently conducted as a result of such regulatory changes, our business, results of operations and financial condition would be materially and adversely affected.

Furthermore, the U.S. government has imposed measures regarding limiting or restricting China-based companies from accessing U.S. capital markets and delisting certain China-based companies from U.S. national securities exchanges. For further information, see "—Risks Relating to Doing Business in China—The audit report included in this annual report is prepared by an auditor which the U.S. Public Company Accounting Oversight Board was unable to inspect and investigate completely before 2022 and, as such, our investors have been deprived of the benefits of such inspections in the past, and may be deprived of the benefits of such inspections in the future." In January 2021, after reversing its own delisting decision, the NYSE ultimately resolved to delist China Mobile, China Unicom and China Telecom in compliance with the executive order issued in November 2020, after receiving additional guidance from the U.S. Department of Treasury and its Office of Foreign Assets Control. In addition, the NYSE announced in February 2021 that it has determined to commence proceedings to delist CNOOC Limited in light of the same executive order. These delistings have introduced greater confusion and uncertainty about the status and prospects of Chinese companies listed on the U.S. stock exchanges. If any further measures were to be implemented, the resulting legislation may have a material and adverse impact on the stock performance of China-based issuers listed in the United States such as us, and we cannot assure you that we will always be able to maintain the listing of our ADSs on a national stock exchange in the U.S., such as the NYSE or the NASDAQ, or that you will always be allowed to trade our Class A ordinary shares or ADSs.

We are subject to the risks associated with international trade policies, geopolitics and trade protection measures, and our business, financial condition and results of operations could be adversely affected.

Our international expansions may be negatively affected by export controls administered by the government authorities in different jurisdictions, deterioration in the political and economic relations among countries and sanctions 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 has imposed export controls and economic 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 and/or other factors that are out of our control. Therefore, such restrictions, and similar or more expansive restrictions that may be imposed by the U.S. or other jurisdictions in the future, may be difficult or costly to comply with and may negatively affect our and our technology partners' abilities to acquire technologies, systems, devices or components that may be critical to our technology infrastructure, service offerings and business operations. On February 29, 2024, the President of the United States issued a statement directing the U.S. Department of Commerce to investigate the national security risks from connected vehicles that incorporate technology from foreign adversaries, including China, and consider regulations to address those risks. On January 14, 2024, the BIS announced its final rulemaking, to prohibit the sale or import in the United States of certain vehicle connectivity system ("VCS") hardware and connected vehicles that incorporate VCS hardware or software or automated driving system software, where such hardware or software has a sufficient nexus to China or Russia, as well as the sale in the United States of connected vehicles by manufacturers with a sufficient nexus to China or Russia incorporating any VCS hardware or software or automated driving system software. These prohibitions will hinder or prevent China-based Smart EV companies like us from accessing the U.S. market or transacting with persons or entities in, or selling to, the U.S. jurisdiction. It is also uncertain whether and how the U.S. government will impose further and more stringent regulations in the EV or Smart EV industries with respect to China-based entities. As of the date of this annual report, the United States has not been a market for our products or services.

Trade tensions have also been increasing recently in the form of higher tariffs, including tariffs imposed on EVs from China. On October 4, 2023, the European Commission published a notice of initiation of EU anti-subsidy investigations into EU imports of EVs from China (the "EU Subsidy Probe"). Using the sampling method, the European Commission selected several companies as investigation targets of the EU Subsidy Probe, and as of the date of this annual report, we have not been named or selected under similar investigation. On October 29, 2024, the European Commission concluded its EU Subsidy Probe by imposing definitive countervailing duties on imports of EVs from China for a period of five years, according to which, other than certain sampled Chinese EV companies, the cooperating companies including us will be subject to an additional tariff of 20.7% on top of the existing tariff, while the non-cooperating companies will be subject to a an additional tariff of 35.3%. There can be no assurance that we will not be publicly named, inquired or investigated by any authority on the basis of national security or anti-subsidy. As a further development, the EU and China have agreed in April 2025 to consider setting commitment to minimum prices for EU imports of EVs from China, as an alternative to the tariffs; relevant measures have not been finalized as of the date hereof. In addition, on May 14, 2024, the U.S. government announced an increase in tariffs on, among other imports, electric vehicles from China to a tariff rate of 100% from the earlier rate of 25%, which entered into effect on September 27, 2024. In addition, on March 26, 2025, the U.S. government also imposed a 25% tariff on imports of automobiles and certain automobile parts. In early 2025, the U.S. government has implemented or proposed to implement policies restricting international trade in the form of new or higher tariffs, including on products imported from China. In April 2025, the President of the United States announced a 10% tariff on goods imported into the United States and higher country-specific tariffs, including for goods originating from China. China and the United States have each responded by imposing further tariffs on products imported form the other country and taking other measures. On April 9, 2025, the United States paused previously announced country-specific tariffs until July 9, 2025 other than with respect to China. There remains to be a high degree of uncertainty around the U.S. trade policies and tariffs as of the date hereof, and it remains uncertain how U.S. trade policies and tariffs may affect international trade and global economy outlook.

Such increases in investigations and tariffs in overseas markets may adversely affect the exports of EVs from China, such as our products, into overseas markets, and our strategy of expanding into overseas markets may be negatively impacted. Any of these circumstances may also materially and adversely affect our business, results of operations, financial condition, and reputation and may further cause the trading prices of our Class A ordinary shares and the ADSs to decline significantly.

We face risks associated with the international sale of our Smart EVs, and if we are unable to effectively manage these risks, our business, financial condition and results of operations may be materially and adversely affected.

While we have historically sold substantially all of our Smart EVs in China, we have been exploring opportunities to expand into international markets. For details of the pace of our global expansion, please see "Business Overview – Sales and Marketing." While we expect China will continue to be our primary market, the marketing and sale of our Smart EVs to international markets may increase in the future, which will expose us to a number of risks, including, but not limited, to:

- fluctuations in foreign currency exchange rates;
- increased costs associated with maintaining the ability to understand the local markets and develop and maintain effective marketing and distributing presence in various countries;
- recruiting and retaining talented and capable employees outside China and maintaining our company culture across all of our offices;
- providing customer service and support in these markets;
- difficulty with staffing and managing overseas operations;
- failure to develop appropriate risk management and internal control structures tailored to overseas operations;
- difficulty and cost relating to compliance with different commercial and legal requirements of the overseas markets in which we offer or plan to offer our products and services including charging and other electric infrastructures;
- compliance by us and our business partners with anti-corruption laws, import and export control laws, tariffs, trade barriers, economic sanctions and other regulatory limitations or perceptions on our ability to provide our products in certain international markets;
- changes in diplomatic and trade relationships, including the imposition of new trade restrictions, trade protection measures, import or export requirements, trade embargoes and other trade barriers;
- failure to obtain or maintain permits for our products or services in these markets;
- different safety concerns and measures needed to address accident related risks in different countries and regions;
- inability to obtain, maintain or enforce intellectual property rights; and
- unanticipated changes in prevailing economic conditions and regulatory requirements.

Our expansion into international markets will require us to respond timely and effectively to rapid changes in market conditions in the relevant countries. Our success in international expansion depends, in part, on our ability to succeed in different legal, regulatory, economic, environmental, social and political conditions which we have little control over. The current and evolving overseas legal and legislative requirements may also impose challenges to our international expansion, thereby increasing the compliance-related operating costs of our company. For example, our operations in Europe may be subject to regulations to improve sustainability and environment, and we may be subject to non-financial reporting requirements under the EU Corporate Sustainability Reporting Directive (2022/2464). In addition, the EU is expected to implement in phases the Corporate Sustainability Due Diligence Directive (2024/1760) along with the proposed amendments which will require certain large companies to undertake mandatory due diligence regarding human rights and environmental impacts along their supply chains. Moreover, the new EU Batteries Regulation contains full life-cycle mandatory provisions relating to the recycling and collection of batteries including EV batteries, and we may bear the obligation as an "economic operator" under such new regulation. We may not be able to develop and implement policies and strategies that will be effective in each location where we do business. We rely on local dealers to penetrate and expand in certain jurisdictions and entered into wholesale arrangement with such dealers. We may not be able to monitor the sales of our vehicles operated by local dealers in overseas market as directly and effectively as we do in China. There can also be no assurance that local dealers will always comply with the applicable agreements and report the sales related information in a timely and accurate manner, which may result in high dealer inventory, high retail price discount and unsatisfactory customer experience. Their failure to formulate and implement effective strategies in the relevant market, or violation of applicable laws and regulations, may have a material adverse effect on our business, reputation, financial condition and results of operations.

We have incurred and may continue to incur substantial share-based compensation expenses.

In 2015, our subsidiary, Chengxing Zhidong, adopted a share incentive plan, pursuant to which options were granted to certain employees of Chengxing Zhidong and its subsidiaries. In June 2020, XPeng Inc. adopted a share incentive plan, or the 2019 Plan, to replace the share incentive plan adopted by Chengxing Zhidong, and we issued restricted share units, or RSUs to replace the options granted to certain employees of Chengxing Zhidong and its subsidiaries. As of March 31, 2025, RSUs which represent 28,929,757 underlying Class A ordinary shares were outstanding (which do not include the Class A ordinary shares underlying the vested RSUs), and 27,216 shares underlying such RSUs were held by XPeng Fortune Holdings Limited, or XPeng Fortune, which has been established for our share incentive plan. In addition, in March 2025, our Board of Directors has conditionally (i) adopted the 2025 Share Incentive Plan, and (ii) granted a ten-year CEO service-based performance RSUs with vesting contingent upon achieving certain specified market conditions performance. The conditional adoption is subject to shareholders' approval and the proposed grant is subject to the independent shareholders' approval in the upcoming annual general meeting. For details of the 2025 Plan, please refer to "Item 6. Directors, Senior Management and Employees—B. Compensation—Share Incentive Plans." We are required to recognize compensation expense for an equity award over the period in which the recipient is required to provide service in exchange for the equity award. Because the vesting of the RSUs (including the RSUs issued to replace the options granted under the share incentive plan of Chengxing Zhidong) granted prior to our initial public offering in the U.S. was contingent upon the completion of an initial public offering or change in control, we started to recognize share-based compensation expense after the completion of our initial public offering in the U.S. in August 2020. The Group recognized RMB710.5 million, RMB550.5 million and RMB473.7 million of share-based compensation expenses in 2022, 2023 and 2024, respectively. Moreover, as we expect to grant additional RSUs or other share incentives to our employees, directors or consultants in the future, we will incur additional share-based compensation expense, and our results of operations could be adversely affected.

Any financial or economic crisis, or perceived threat of such a crisis, including a significant decrease in consumer confidence, may materially and adversely affect our business, prospects, financial condition and results of operation.

The global macroeconomic environment is facing challenges, including the economic slowdown in the Eurozone since 2014, potential impact of the United Kingdom's exit from the European Union in January 2020, and the adverse impact on the global economies and financial markets from the COVID-19 pandemic. There is considerable uncertainty over the long-term effects of the expansionary monetary and fiscal policies adopted by the central banks and financial authorities of some of the world's leading economies, including the United States and China. The ongoing trade tensions between the United States and China may have tremendous negative impact on the economies of not merely the two countries concerned, but the global economy as a whole. Moreover, the current geopolitical tensions may also pose potential challenges for our businesses and operations in the relevant areas. It is unclear whether these challenges will be contained and what effects they each may have in the long term. Economic conditions in China are sensitive to global economic conditions. Recently there have been signs that the rate of China's economic growth is declining. Any prolonged slowdown in global or China's economic development might lead to tighter credit markets, increased market volatility, sudden drops in business and consumer confidence and dramatic changes in business and consumer behaviors. Credit risks of customers and suppliers and other counterparty risks may also increase.

Sales of our Smart EVs depend in part on discretionary consumer spending and are even more exposed to adverse changes in general economic conditions. In response to their perceived uncertainty in economic conditions, consumers might delay, reduce or cancel purchases of our Smart EVs, and our results of operations may be materially and adversely affected.

We are subject to various laws relating to export controls.

We have been conducting a portion of our research and development on ADAS in the United States, and we are required to comply with the U.S. laws and regulations on export controls, including the U.S. Department of Commerce's Export Administration Regulations. Furthermore, in August 2022, the United States enacted the Creating Helpful Incentives to Produce Semiconductors and Science Act of 2022, or the CHIPS Act, which aims to strengthen U.S. domestic semiconductor manufacturing, design and research, fortify the economy and national security, and to help the United States compete economically against China. In addition, the BIS imposed additional export controls on certain advanced computing semiconductor chips, integrated circuits, semiconductor manufacturing items and related transactions in October 2022. In October 2023, the BIS announced additional semiconductor regulations expanding and enhancing export controls under the October 2022 regulations. In December 2024, the BIS announced further restrictions on the export of technologies relating to advanced-node semiconductors. On January 13, 2025, BIS announced an export control framework for artificial intelligence diffusion with a three-tier export authorization regime for advanced computing chips, under which China would be subject to a presumption of denial, as well as export controls on certain closed artificial intelligence model weights. These export controls and regulatory restrictions, as well as other similar regulatory restrictions that may be imposed from time to time, may adversely affect certain parts of our operations, including our efforts to further our ADAS and other smart systems and develop and utilize our processing hardware. There can be no assurance that the United States or other countries will not impose more stringent export controls that may prohibit or restrict our ability to, directly or indirectly, source semiconductor and other components and raw materials, or otherwise affect our business. It is difficult to predict what further trade-related actions the United States or other governments may take, and we may be unable to quickly and effectively react to or mitigate such actions. The implementation, interpretation and impact on our business of these rules and other regulatory actions taken by the U.S. government is uncertain. These actions and/or other actions that may be taken by the governments of either the U.S. or China, or both (including in response to recent increased tensions), could hinder our ability to transfer our U.S.-origin software to China, source U.S.-origin software and components or otherwise access U.S. technology, which could materially and adversely affect our business, results of operations and financial condition.

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

In order to operate our business effectively and meet our consumers' demands and expectations, we must maintain a certain level of inventory to ensure timely delivery. We determine our level of inventory based on our experience, number of orders from customers and assessment of customer demand.

However, forecasts are inherently uncertain, and the demand for our products could change significantly between the order date and the projected delivery date. If we fail to accurately forecast the demand, including with respect to our vehicle models that are at or near the end of production cycle, we may experience inventory obsolescence and inventory shortage risk. Inventory levels in excess of demand may result in inventory write-downs or write-offs and the sale of excess inventory at discounted prices, which would have an adverse effect on our profitability. We recognized inventory write-downs of RMB220.3 million, RMB1,054.7 million, and RMB943.7 million in 2022, 2023 and 2024, respectively. We have incurred losses on purchase commitments mainly for raw materials in relation to the cessation of the G3i in 2023 and in relation to the cessation of the P5 in 2024 and upgrades of certain models, and similar losses may occur in the future. In addition, if we underestimate the demand for our products, our manufacturers may not be able to produce a sufficient number of products to meet such unanticipated demand, which could result in delays in the delivery of our products and harm our reputation.

Any of the above may materially and adversely affect our results of operations and financial condition. As we plan to continue to expand our product offerings, we may continue to face challenges in effectively managing our inventory.

Significant impairment charges to our balance of intangible assets could materially and adversely impact our financial position and results of the Group's operations.

The Group's intangible assets primarily consist of manufacturing license, license plate, software and license of maintenance and overhaul, vehicle model, vehicle platform technology, robotics platform technology and other intangible assets. In addition, the Group's controlling financial interest (as a result of existing contractual arrangements and as the term is defined under ASC 810) provides for the consolidation of the Group VIEs which hold certain licenses. Such contractual arrangements may not be as effective as direct ownership in providing us with control over the Group VIEs. See "—Risks Relating to Our Corporate Structure—We rely on contractual arrangements with the Group VIEs and their respective affiliate shareholders to operate certain businesses that do not have and are not expected in the foreseeable future to have material revenue contributions to the Group. Such contractual arrangements may not be as effective as direct ownership in providing operational control and otherwise have a material adverse effect as to our business." The Group's intangible assets amounted to RMB1,043.0 million, RMB4,949.0 million and RMB4,610.5 million as of December 31, 2022, 2023 and 2024, respectively. The Group tests finite-lived intangible assets for impairment if impairment indicators arise. The indefinite-lived intangible assets are tested for impairment annually or whenever events or changes in circumstances indicate that the carrying value of the assets may not be recoverable. Any significant impairment losses charged against the Group's intangible assets could have a material adverse effect on the Group's business, financial condition and results of operations.

We recorded a significant amount of indefinite-lived intangible assets and goodwill in connection with our acquisitions, and we may incur material impairment charges to our indefinite-lived intangible assets and goodwill if the recoverability of these assets become substantially reduced.

In connection with our acquisitions in 2023, we recorded a significant amount of indefinite-lived intangible assets of RMB609.2 million and goodwill of RMB34.1 million in our financial statements. The VMTUD acquired through business combination is considered indefinite-lived until the completion of the associated research and development efforts and a determination related to commercial feasibility. As of December 31, 2024, the VMTUD was transferred into VMT as finite-lived intangible assets upon its completion and its estimated useful life is assessed to be 5 years. The value of the indefinite-lived intangible assets and goodwill is based on assumptions and judgments. If any of the assumptions does not materialize, or if the performance of our business is not consistent with such assumptions, we may be required to have a significant write-off of our indefinite-lived intangible assets and goodwill and record an impairment loss, which could in turn adversely affect our results of operations. We will determine whether our indefinite-lived intangible assets and goodwill is impaired at least on an annual basis and there are inherent uncertainties relating to these factors and to our management's judgment in applying these factors to the impairment assessment. We could be required to evaluate the impairment prior to the annual assessment if there are any impairment indicators, including disruptions to business operations and unexpected significant declines in operating results or a decline in our market capitalization. We may also suffer from significant impairment loss even if we determine to amend any assumption used in our impairment testing. If we record an impairment loss as a result of these or other factors, our results of operations and financial condition may be adversely affected.

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

We have made short-term investments, mainly comprising of the investments issued by major and reputable commercial banks with a variable interest rate indexed to the performance of underlying assets. Short-term investments are stated at fair value. Changes in the fair value are reflected in our consolidated statements of comprehensive loss. The methodology that we use to assess the fair value of the short-term investments involve a significant degree of management judgment and are inherently uncertain. We cannot assure you that market conditions will create fair value gains on our short-term investments, or we will not incur any fair value losses on short-term investments in the future. If we incur such fair value losses, our results of operations and financial condition may be adversely affected.

If we do not continue to receive preferential tax treatments, our results of operations may be materially and adversely affected.

We have benefited from government grants and preferential tax treatments, many of which are non-recurring in nature or are subject to periodic review. There can be no assurance we will continue to receive preferential tax treatment. If we are unable to receive such treatment in the future, our results of operations may be materially and adversely affected.

Our recognition of deferred revenue is subject to future performance obligations and may not be representative of revenues for succeeding periods.

Our deferred revenue represents transaction payments allocated to performance obligations that are unsatisfied, which primarily arises from, among others, the undelivered vehicles, technical research and develop services, charging piles and free battery charging within certain limits. Our deferred revenue balance was RMB1,083.2 million, RMB1,299.9 million and RMB2,098.4 million, as of December 31, 2022, 2023 and 2024, respectively. The timing and ultimate recognition of our deferred revenue depend on various factors, including our performance of obligations. As a result, deferred revenue at any particular date may not be representative of actual revenue for any succeeding period.

We recorded shareholders' deficit.

We recorded total shareholders' deficit of RMB6,830.4 million as of December 31, 2019, primarily due to the accounting treatment for our company's preferred shares before our initial public offering in the U.S. as total mezzanine equity, and not total shareholders' equity. After our initial public offering in the United States in August 2020, all of the preferred shares had been converted into ordinary shares. As such, as of December 31, 2024, we did not have any mezzanine equity and recorded total shareholders' equity of RMB31,274.8 million.

Although the total shareholders' deficit recorded during 2019 was not due to capital shortage and was primarily resulted from accounting treatment of preferred shares, we cannot assure you that we will be able to continue to record total shareholders' equity and total net assets in the future. If we fail to do so, our financial condition may deteriorate.

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

Our business could be adversely affected by the effects of epidemics. In recent years, there have been outbreaks of epidemics in China and globally. If any of our employees are identified as a possible source of spreading COVID-19, H1N1 flu, avian flu or another epidemic, we may be required to quarantine employees that are suspected of being infected, as well as others that have come into contact with those employees. We may also be required to disinfect our affected premises, which could cause a temporary suspension of certain business operations. A recurrence of an outbreak of COVID-19, H1N1 flu, avian flu or another epidemic could restrict the level of economic activities generally and/or slow down or disrupt our business activities, which could in turn adversely affect our results of operations.

The Group has experienced certain disruptions in its operations as a result of the government-imposed suspensions due to the COVID-19 pandemic in China in the previous years. A substantial number of our offices and stores, as well as our manufacturing facilities, were closed for certain periods in the first quarter of 2020. As a result, our Smart EV delivery decreased from 3,218 units in the fourth quarter of 2019 to 2,271 units in the first quarter of 2020. In particular, we delivered 1,055 units, 161 units and 1,055 units of Smart EVs in January, February and March 2020, respectively, which were lower than our expectation before the COVID-19 outbreak. The sharp decrease in the number of deliveries in February 2020 was mainly due to the significant impact from COVID-19 outbreak in China and seasonal impact from the Chinese New Year holiday. In the second quarter, third quarter and fourth quarter of 2020, we delivered 3,228 units, 8,578 units and 12,964 units of Smart EVs, respectively. The pandemic affected and may affect future delivery of components from certain suppliers that suspended production. For example, some of our suppliers were unable to deliver sufficient components to us due to the COVID-19 pandemic. We cannot assure you that such situation will not occur in the future if the COVID-19 pandemic resurges and that we will be able to find alternative suppliers should that happen in the future. See also "—We are dependent on our suppliers, some of which are single-source suppliers. Suppliers may fail to deliver necessary components of our Smart EVs according to our schedule and at prices, quality levels and volumes acceptable to us." In addition, we incurred additional costs relating to the delivery of new Smart EVs to customers' homes, mask donations to our customers, technology advancement for remote working arrangements and OTA firmware updates during the pandemic.

We are also vulnerable to natural disasters and other calamities, especially those relating to climate change. Although we have servers that are hosted in an offsite location, our backup system does not capture data on a real-time basis and we may be unable to recover certain data in the event of a server failure. Moreover, the current geopolitical tensions may also pose potential challenges for our businesses and operations in the relevant areas. We cannot assure you that any backup systems will be adequate to protect us from the effects of fire, floods, typhoons, earthquakes, power loss, telecommunications failures, break-ins, war, riots, terrorist attacks or similar events. Any of the foregoing events may give rise to interruptions, breakdowns, system failures, technology platform failures or internet failures, which could cause the loss or corruption of data or malfunctions of software or hardware as well as adversely affect our ability to provide services to our customers.

Risks Relating to Doing Business in China

Changes and developments in the political, economic and social policies of the PRC government may materially and adversely affect our business, financial condition and results of operations and may result in our inability to sustain our growth and expansion strategies.

The Group's operations are mainly conducted in the PRC, and historically our revenues have primarily been sourced from the PRC. Accordingly, our financial condition and results of operations are affected to a significant extent by economic, political, social and legal developments in the PRC.

The PRC economy differs from the economies of most developed countries in many respects, including the extent of government involvement, level of development, growth rate, control of foreign exchange and allocation of resources. Although the PRC government has implemented measures emphasizing the utilization of market forces for economic reform, the reduction of state ownership of productive assets, and the establishment of improved corporate governance in business enterprises, a substantial portion of productive assets in China is still owned by the government. In addition, the PRC government continues to play a significant role in regulating industry development by imposing industrial policies. The PRC government also exercises significant control over China's economic growth by allocating resources, controlling payment of foreign currency-denominated obligations, setting monetary policy, restricting the inflow and outflow of foreign capital, regulating financial services and institutions and providing preferential treatment to particular industries or companies.

While the PRC economy has experienced significant growth in the past decades, growth has been uneven, both geographically and among various sectors of the economy. Recently there have been signs that the rate of China's economic growth is declining. Any prolonged slowdown in China's economic development could have a material adverse effect on our businesses, financial condition and results of operations.

The PRC government has implemented various measures to encourage economic growth and guide the allocation of resources. Some of these measures may benefit the overall PRC economy but may also have a negative effect on us. Our financial condition and results of operations could be materially and adversely affected by government control over capital investments or changes in tax regulations that are applicable to us. The PRC government also has significant authority to exert influence on the ability of a China-based issuer, such as our company, to conduct its business. The PRC government may intervene or influence the Group's operations at any time, which could result in a material change in the Group's operations and/or the value of our ADSs and Class A ordinary shares. In particular, the PRC government has recently promulgated new laws and regulations to exert more oversight and control over offerings that are conducted overseas and/or foreign investment in China-based issuers. See "Item 4. Information on the Company—B. Business Overview—Regulations—Regulations on M&A Rules and Overseas Listings." Any such regulatory oversight or control could significantly limit or completely hinder our ability to offer or continue to offer securities to investors and cause the value of our securities to significantly decline or become worthless. In addition, the PRC government has implemented in the past certain measures to control the pace of economic growth. These measures may cause decreased economic activity, which in turn could lead to a reduction in demand for our services and consequently have a material adverse effect on our businesses, financial condition and results of operations.

Changes and developments in the PRC legal system and the interpretation and enforcement of PRC laws, rules and regulations may subject us to uncertainties.

The Group's operations are mainly conducted in the PRC, and are governed by PRC laws, rules and regulations. The PRC legal system is a civil law system based on written statutes. Unlike the common law system, prior court decisions may be cited for reference but have limited precedential value.

The overall effect of legislation over the past decades has significantly enhanced the protections afforded to various forms of foreign investment in China. However, the PRC legal system is still evolving rapidly, and the PRC governmental authorities may continue to promulgate new laws and regulations regulating our businesses. In addition, rules and regulations in China can change quickly with little advance notice. We cannot assure you that our business operations would not be deemed to be violating any existing or future PRC laws or regulations, which in turn may limit or restrict us, and could materially and adversely affect our business and operations.

For example, certain PRC regulatory authorities issued Opinions on Strictly Cracking Down on Illegal Securities Activities, which were available to the public on July 6, 2021 and emphasized the need to strengthen the administration over illegal securities activities and the supervision on overseas listings by China-based companies, and proposed to take effective measures, such as promoting the construction of relevant regulatory systems to deal with the risks and incidents faced by China-based overseas-listed companies, and provided that the special provisions of the State Council on overseas offering and listing by those companies limited by shares will be revised and therefore the duties of domestic industry competent authorities and regulatory authorities will be clarified. On February 17, 2023, the CSRC promulgated the Overseas Listing Trial Measures, and relevant five guidelines on the application of Regulatory Rules, which took effect from March 31, 2023, requiring Chinese domestic companies' overseas equity offerings or listings be filed with the CSRC. The Overseas Listing Trial Measures clarify the scope of overseas offerings or listings by Chinese domestic companies which are subject to the filing and reporting requirements thereunder, and provide, among others, that Chinese domestic companies that have already directly or indirectly offered and listed securities in overseas markets prior to the effectiveness of the Overseas Listing Trial Measures shall fulfil their filing obligations and report relevant information to the CSRC within three working days after conducting a follow-on securities offering on the same overseas market, and follow the relevant reporting requirements within three working days upon the occurrence and public disclosure of any specified circumstances provided thereunder. In addition, we cannot guarantee that new rules or regulations promulgated in the future will not impose any additional requirement on us or otherwise tighten the regulations on PRC companies seeking overseas offering or listing. If it is determined that any approval, filing or other administrative procedure from the CSRC or other PRC governmental authorities is required for our future follow-on public offering or debt financing activities, we cannot assure that we can obtain the required approval or accomplish the required filings or other regulatory procedures in a timely manner, or at all. If we fail to obtain the relevant approval or complete the filings and other relevant regulatory procedures, we may face penalties by the CSRC or other PRC governmental authorities, which may include fines and penalties on our operations in China, limitations on our operating privileges in China, restrictions on or prohibition of the payments or remittance of dividends by our subsidiaries in China, or other actions that could have a material and adverse effect on our business, financial condition, results of operations, reputation and prospects, as well as the trading price of our Class A ordinary shares or ADSs.

Any administrative and court proceedings in China may be time-consuming, resulting in substantial costs and diversion of resources and management attention. Since PRC administrative and court authorities have certain discretion in interpreting and implementing statutory and contractual terms, it may be difficult to evaluate the outcome of administrative and court proceedings and the level of legal protection we enjoy. These uncertainties may impede our ability to enforce the contracts we have entered into and/or our intellectual property rights and could materially and adversely affect our business, financial condition and results of operations.

The audit report included in this annual report is prepared by an auditor located in a jurisdiction which the U.S. Public Company Accounting Oversight Board was unable to inspect and investigate completely before 2022 and, as such, our investors have been deprived of the benefits of such inspections in the past, and may be deprived of the benefits of such inspections in the future.

Our auditor, the independent registered public accounting firm that issues the audit report included elsewhere in this annual report, as an auditor of companies that are traded publicly in the U.S. and a firm registered with the U.S. Public Company Accounting Oversight Board, or the PCAOB, is required by the laws of the U.S. to undergo regular inspections by the PCAOB to assess its compliance with the laws of the U.S. and professional standards. According to Article 177 of the PRC Securities Law which became effective in March 2020, no overseas securities regulator is allowed to directly conduct investigation or evidence collection activities within the territory of the PRC. Accordingly, without the consent of the competent PRC securities regulators and relevant authorities, no organization or individual may provide the documents and materials relating to securities business activities to overseas parties. In 2021, PCAOB made determinations that the positions taken by PRC authorities prevented the PCAOB from inspecting and investigating firms headquartered in mainland China and Hong Kong completely. On August 26, 2022, the PCAOB signed a Statement of Protocol with the CSRC and the MOF, taking the first step toward opening access for the PCAOB to inspect and investigate completely registered public accounting firms headquartered in mainland China and Hong Kong. According to its announcement, the PCAOB sent staff to conduct on-site inspections and investigations in Hong Kong from September to November 2022. On December 15, 2022, the PCAOB issued a report that vacated its December 16, 2021 determination and removed mainland China and Hong Kong from the list of jurisdictions where it is unable to inspect or investigate completely registered public accounting firms. Our auditor is located in China, a jurisdiction where the PCAOB was historically unable to conduct inspections and investigations completely before 2022. As a result, we and investors in the ADSs were deprived of the benefits of such PCAOB inspections. The inability of the PCAOB to conduct complete inspections of auditors in China before 2022 may have made it more difficult to evaluate the effectiveness of our auditor's audit procedures or quality control procedures as compared to auditors outside of China that are subject to PCAOB inspections.

In addition, while the PCAOB announced in December 2022 that it secured complete access to inspect and investigate registered public accounting firms headquartered in China and vacated its December 16, 2021 determination and removed mainland China and Hong Kong from the list of jurisdictions where it is unable to inspect or investigate completely registered public accounting firms, we cannot assure you that the PCAOB will continue to have such access in the future. If the PCAOB is not able to inspect and investigate completely auditors in China for any reason, such as any change in the position of the governmental authorities in China in the future, our investors may be deprived of the benefits of such inspections again, which could cause investors or potential investors in our ADSs to lose confidence in the quality of our consolidated financial statements.

If the PCAOB determines that it is unable to inspect or investigate completely our auditor at any point in the future for two consecutive years, our ADSs may be prohibited from trading in the United States under the Holding Foreign Companies Accountable Act, as amended, or the HFCA Act, and any such trading prohibition on our ADSs or threat thereof may materially and adversely affect the price of our ADSs and value of your investment.

The HFCA Act was signed into law on December 18, 2020 and amended pursuant to the Consolidated Appropriations Act, 2023 on December 29, 2022. Under the HFCA Act and the rules issued by the SEC and the PCAOB thereunder, if we have retained a registered public accounting firm to issue an audit report where the registered public accounting firm has a branch or office that is located in a foreign jurisdiction and the PCAOB has determined that it is unable to inspect or investigate completely because of a position taken by an authority in the foreign jurisdiction, the SEC will identify us as a "covered issuer", or SEC-identified issuer, shortly after we file with the SEC a report required under the Securities Exchange Act of 1934, or the Exchange Act (such as our annual report on Form 20-F) that includes an audit report issued by such accounting firm; and if we were to be identified as an SEC-identified issuer for two consecutive years, the SEC would prohibit our securities (including our shares or ADSs) from being traded on a national securities exchange or in the over-the-counter trading market in the United States.

In December 2021, the PCAOB made its determinations, or the 2021 determinations, pursuant to the HFCA Act that it was unable to inspect or investigate completely registered public accounting firms headquartered in mainland China or Hong Kong including our independent auditor. After we filed our annual report on Form 20-F for the fiscal year ended December 31, 2021, on April 28, 2022, the SEC conclusively identified us as an SEC-identified issuer on May 26, 2022.

Following the Statement of Protocol signed between the PCAOB and the CSRC and the MOF in August 2022 and the on-site inspections and investigations conducted by the PCAOB staff in Hong Kong from September to November 2022, the PCAOB Board voted in December 2022 to vacate the previous 2021 determinations, and as a result, our auditor is no longer a registered public accounting firm that the PCAOB is unable to inspect or investigate completely as of the date of this annual report on Form 20-F or at the time of issuance of the audit report included herein. As such, we were not identified as a SEC-identified issuer under the HFCA Act after we filed the annual reports on Form 20-F for the years ended December 31, 2022 in 2023 and December 31, 2023 in 2024, respectively, and we do not expect to be identified as an SEC-identified issuer again in 2025. Each year, the PCAOB will determine whether it can inspect and investigate completely audit firms in mainland China and Hong Kong, among other jurisdictions. If the PCAOB determines in the future that it no longer has full access to inspect and investigate completely accounting firms in mainland China and Hong Kong and we use an accounting firm headquartered in one of these jurisdictions to issue an audit report on our financial statements filed with the Securities and Exchange Commission, we would be identified as a SEC-identified issuer following the filing of the annual report on Form 20-F for the relevant fiscal year. We cannot assure you that the PCAOB will always have complete access to inspect and investigate our auditor, or that we will not be identified as an SEC-identified issuer again in the future.

If we are identified as an SEC-identified issuer again in the future, we cannot assure you that we will be able to change our auditor or take other remedial measures in a timely manner, and if we were to be identified as an SEC-identified issuer for two consecutive years, we would be delisted from the NYSE and our securities (including our shares and ADSs) will not be permitted for trading "over-the-counter" either. Although our Class A ordinary shares have been listed on the Hong Kong Stock Exchange and the ADSs and Class A ordinary shares are fully fungible, we cannot assure you that an active trading market for our Class A ordinary shares on the Hong Kong Stock Exchange will be sustained or that the ADSs can be converted and traded with sufficient market recognition and liquidity, if our shares and ADSs are prohibited from trading in the United States. Such a prohibition or any threat thereof would substantially impair your ability to sell or purchase our ADSs when you wish to do so, and the risk and uncertainty associated with delisting would have a negative impact on the price of our ADSs. Also, such a prohibition or any threat thereof would significantly affect our ability to raise capital on terms acceptable to us, or at all, which would have a material adverse impact on our business, financial condition, and prospects. Moreover, the implementation of the HFCA Act and other efforts to increase the U.S. regulatory access to audit information could cause investor uncertainty as to China-based issuers' ability to maintain their listings on the U.S. national securities exchanges and the market price of the securities of China-based issuers, including us, could be adversely affected.

Certain PRC regulations establish procedures for acquisitions conducted by foreign investors that could make it more difficult for us to grow through acquisitions.

Certain PRC regulations established additional procedures and requirements that are expected to make merger and acquisition activities in China by foreign investors more time-consuming and complex. For example, the Regulations on Mergers and Acquisitions of Domestic Enterprises by Foreign Investors, or the M&A Rules, require that the MOFCOM be notified in advance of any change-of-control transaction in which a foreign investor takes control of a PRC domestic enterprise if (i) any important industry is concerned, (ii) such transaction involves factors that have or may have impact on the national economic security, or (iii) such transaction will lead to a change in control of a domestic enterprise which holds a famous trademark or PRC time-honored brand. The approval from the MOFCOM shall be obtained in circumstances where overseas companies established or controlled by PRC enterprises or residents acquire affiliated domestic companies. Mergers, acquisitions or contractual arrangements that allow one market player to take control of or to exert decisive impact on another market player must also be notified in advance to the anti-monopoly authority under the State Council when the threshold under the Provisions on Thresholds for Prior Notification of Concentrations of Undertakings, or the Prior Notification Rules, issued by the State Council in January 2024, is triggered. Furthermore, as required by the Measures for the Security Review of Foreign Investment, promulgated by the NDRC and the MOFCOM on December 19, 2020 and effective as of January 18, 2021, foreign investments in military, national defense-related areas or in locations in proximity to military facilities, or foreign investments that would result in acquiring the actual control of assets in certain key sectors, such as critical agricultural products, energy and resources, equipment manufacturing, infrastructure, transport, cultural products and services, information technology, Internet products and services, financial services and technology sectors, are required to obtain approval from designated governmental authorities in advance. We may grow our business in part by acquiring other companies operating in our industry. Complying with the requirements of the new regulations to complete such transactions could be time-consuming, and any required approval processes, including approval from the MOFCOM, may delay or inhibit our ability to complete such transactions, which could affect our ability to expand our business or maintain our market share. See "Item 4. Information on the Company—B. Business Overview—Regulations—Regulations on M&A Rules and Overseas Listings."

PRC regulations relating to investments in offshore companies by PRC residents may subject our PRC-resident beneficial owners or our PRC subsidiaries to liability or penalties, limit our ability to inject capital into our PRC subsidiaries or limit our PRC subsidiaries' ability to increase their registered capital or distribute profits.

PRC residents are subject to restrictions and filing requirements when investing in offshore companies. The SAFE promulgated the Circular on Relevant Issues Concerning Foreign Exchange Control on Domestic Residents' Offshore Investment and Financing and Roundtrip Investment through Special Purpose Vehicles, or SAFE Circular 37, on July 4, 2014. SAFE Circular 37 requires PRC residents to register with local branches of the SAFE in connection with their direct establishment or indirect control of an offshore entity, for the purpose of overseas investment and financing, with such PRC residents' legally owned assets or equity interests in domestic enterprises or offshore assets or interests, referred to in SAFE Circular 37 as a "special purpose vehicle." Pursuant to SAFE Circular 37, "control" refers to the act through which a PRC resident obtains the right to carry out business operation of, to gain proceeds from or to make decisions on a special purpose vehicle by means of, among others, shareholding entrustment arrangement. SAFE Circular 37 further requires amendment to the registration in the event of any significant changes with respect to the special purpose vehicle, such as increase or decrease of capital contributed by PRC individuals, share transfer or exchange, merger, division or other material event. In the event that a PRC shareholder holding interests in a special purpose vehicle fails to fulfill the required SAFE registration, the PRC subsidiaries of that special purpose vehicle may be prohibited from making profit distributions to the offshore parent and from carrying out subsequent cross-border foreign exchange activities, and the special purpose vehicle may be restricted in its ability to contribute additional capital into its PRC subsidiary. Moreover, failure to comply with the various SAFE registration requirements described above could result in liability under PRC law for evasion of foreign exchange controls. According to the Notice on Further Simplifying and Improving Policies for the Foreign Exchange Administration of Direct Investment released on February 13, 2015 by the SAFE, local banks will examine and handle foreign exchange registration for overseas direct investment, including the initial foreign exchange registration and amendment registration, under SAFE Circular 37 from June 1, 2015.

We may not be aware of the identities of all of our beneficial owners who are PRC residents. We do not have control over our beneficial owners and there can be no assurance that all of our PRC-resident beneficial owners will comply with SAFE Circular 37 and subsequent implementation rules, and there is no assurance that the registration under SAFE Circular 37 and any amendment will be completed in a timely manner, or will be completed at all. The failure of our beneficial owners who are PRC residents to register or amend their foreign exchange registrations in a timely manner pursuant to SAFE Circular 37 and subsequent implementation rules, or the failure of future beneficial owners of our company who are PRC residents to comply with the registration procedures set forth in SAFE Circular 37 and subsequent implementation rules, may subject such beneficial owners or our PRC subsidiaries to fines and legal sanctions. Failure to register or comply with relevant requirements may also limit our ability to contribute additional capital to our PRC subsidiaries and limit our PRC subsidiaries' ability to distribute dividends to our company. These risks may have a material adverse effect on our business, financial condition and results of operations.

Increases in labor costs and enforcement of stricter labor laws and regulations in China may adversely affect our business and our profitability.

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

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

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

Any failure to comply with PRC regulations regarding our employee share incentive plan may subject the PRC plan participants or us to fines and other legal or administrative sanctions.

Pursuant to SAFE Circular 37, PRC residents who participate in share incentive plans in overseas non-publicly-listed companies due to their position as director, senior management or employees of the PRC subsidiaries of the overseas companies may submit applications to SAFE or its local branches for the foreign exchange registration with respect to offshore special purpose companies before they obtain the incentive shares or exercise the share options. Our directors, executive officers and other employees who are PRC residents and who have been granted options may follow SAFE Circular 37 to apply for the foreign exchange registration before our company becomes an overseas listed company. As an overseas listed company, we and our directors, executive officers and other employees who are PRC residents and who have been granted options are subject to the Notice on Issues Concerning the Foreign Exchange Administration for Domestic Individuals Participating in Stock Incentive Plan of Overseas Publicly Listed Company, issued by SAFE in February 2012, according to which, employees, directors, supervisors and other management members participating in any stock incentive plan of an overseas publicly listed company who are PRC residents are required to register with SAFE through a domestic qualified agent, which could be a PRC subsidiary of such overseas listed company, and complete certain other procedures. We have made efforts to comply with these requirements. However, there can be no assurance that they can successfully register with SAFE in full compliance with the rules. Failure to complete the SAFE registrations may subject them to fines and legal sanctions and may also limit the ability to make payment under our share incentive plan or receive dividends or sales proceeds related thereto, or our ability to contribute additional capital into our wholly-foreign owned enterprise in China and limit our wholly-foreign owned enterprise's ability to distribute dividends to us. We also face regulatory uncertainties that could restrict our ability to adopt additional share incentive plans for our directors and employees under PRC law.

We rely to a significant extent on dividends and other distributions on equity paid by our principal operating subsidiaries and service fees paid by the Group VIEs to fund offshore cash and financing requirements. Any limitation on the ability of our PRC operating subsidiaries to make payments to us could have a material adverse effect on our ability to conduct our business.

XPeng Inc. is a holding company with no material operations of its own. We conduct our operations in China (i) primarily through our PRC subsidiaries, and (ii) to a much lesser extent, the Group VIEs. As a result, although other means are available for us to obtain financing at the holding company level, we rely to a significant extent on dividends and other distributions on equity paid by our principal operating subsidiaries and service fees paid by the Group VIEs, for our offshore cash and financing requirements, including the funds necessary to pay dividends and other cash distributions to our shareholders, fund inter-company loans, service any debt we may incur outside of China and pay our expenses. When our principal operating subsidiaries incur additional debt, the instruments governing the debt may restrict their ability to pay dividends or make other distributions or remittances to us.

Furthermore, the laws, rules and regulations applicable to our PRC subsidiaries and certain other subsidiaries permit payments of dividends only out of their retained earnings, if any, determined in accordance with applicable accounting standards and regulations. Under PRC laws, rules and regulations, each of our subsidiaries incorporated in China is required to set aside at least 10% of its net income each year to fund certain statutory reserves until the cumulative amount of such reserves reaches 50% of its registered capital. These reserves, together with the registered capital, are not distributable as cash dividends. As a result of these laws, rules and regulations, our subsidiaries incorporated in China are restricted in their ability to transfer a portion of their respective net assets to their shareholders as dividends, loans or advances. Certain of our subsidiaries did not have any retained earnings available for distribution in the form of dividends as of December 31, 2024. In addition, registered capital and capital reserve accounts are also restricted from withdrawal in the PRC, up to the amount of net assets held in each operating subsidiary.

In addition, the PRC Enterprise Income Tax Law and its implementing rules impose a withholding income tax as much as 10% on dividends distributed by a foreign invested enterprise to its immediate holding company outside of China, unless such income tax is reduced under treaties or arrangements between the PRC central government and governments of other countries or regions where the non-PRC resident enterprise is a tax resident. The undistributed earnings that are subject to dividend tax are expected to be indefinitely reinvested for the foreseeable future. Furthermore, we are subject to restrictions on currency exchange. See "—We are subject to restrictions on currency exchange."

The Group currently has four Group VIEs and cash flow from such Group VIEs are immaterial.

We may be treated as a resident enterprise for PRC tax purposes under the PRC Enterprise Income Tax Law, and we may therefore be subject to PRC income tax on our global income.

Under the PRC Enterprise Income Tax Law and its implementing rules, enterprises established under the laws of jurisdictions outside of China with "de facto management bodies" located in China may be considered PRC tax resident enterprises for tax purposes and may be subject to the PRC enterprise income tax at the rate of 25% on their global income. "De facto management body" refers to a managing body that exercises substantial and overall management and control over the production and operations, personnel, accounting and assets of an enterprise. The State Administration of Taxation issued the Notice Regarding the Determination of Chinese-Controlled Offshore-Incorporated Enterprises as PRC Tax Resident Enterprises on the Basis of De Facto Management Bodies, or Circular 82, on April 22, 2009, which was most recently amended on December 29, 2017. Circular 82 provides certain specific criteria for determining whether the "de facto management body" of a Chinese-controlled offshore-incorporated enterprise is located in China. Although Circular 82 only applies to offshore enterprises controlled by PRC enterprises, not those controlled by foreign enterprises or individuals, the determining criteria set forth in Circular 82 may reflect the State Administration of Taxation's general position on how the "de facto management body" test should be applied in determining the tax resident status of offshore enterprises, regardless of whether they are controlled by PRC enterprises. If we were to be considered a PRC resident enterprise, we would be subject to PRC enterprise income tax at the rate of 25% on our global income. In such case, our profitability and cash flow may be materially reduced as a result of our global income being taxed under the Enterprise Income Tax Law. We believe that none of our entities outside of China is a PRC resident enterprise for PRC tax purposes. However, the tax resident status of an enterprise is subject to determination by the PRC tax authorities and uncertainties remain with respect to the interpretation of the term "de facto management body."

Dividends paid to our foreign investors and gains on the sale of the ADSs or Class A ordinary shares by our foreign investors may become subject to PRC tax.

Under the Enterprise Income Tax Law and its implementation regulations issued by the State Council, a 10% PRC withholding tax is applicable to dividends paid to investors that are non-resident enterprises, which do not have an establishment or place of business in the PRC or which have such establishment or place of business but the dividends are not effectively connected with such establishment or place of business, to the extent such dividends are derived from sources within the PRC. Any gain realized on the transfer of ADSs or Class A ordinary shares by such investors is also subject to PRC tax at a current rate of 10%, if such gain is regarded as income derived from sources within the PRC. If we are deemed a PRC resident enterprise, dividends paid on our Class A ordinary shares or ADSs, and any gain realized from the transfer of our Class A ordinary shares or ADSs, would be treated as income derived from sources within the PRC and would as a result be subject to PRC taxation. Furthermore, if we are deemed a PRC resident enterprise, dividends paid to individual investors who are non-PRC residents and any gain realized on the transfer of ADSs or Class A ordinary shares by such investors may be subject to PRC tax (which in the case of dividends may be withheld at source) at a rate of 20%. Any PRC tax liability may be reduced by an applicable tax treaty. However, if we or any of our subsidiaries established outside China are considered a PRC resident enterprise, it is unclear whether holders of the ADSs or Class A ordinary shares would be able to claim the benefit of income tax treaties or agreements entered into between China and other countries or areas. If dividends paid to our non-PRC investors, or gains from the transfer of the ADSs or Class A ordinary shares by such investors, are deemed as income derived from sources within the PRC and thus are subject to PRC tax, the value of your investment in the ADSs or Class A ordinary shares may decline significantly.

We currently intend to retain most, if not all, of our available funds and any future earnings to fund the development and growth of our business. As a result, we do not expect to declare any dividends in the foreseeable future.

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

On February 3, 2015, the State Administration of Taxation issued the Bulletin on Issues of Enterprise Income Tax on Indirect Transfers of Assets by Non-PRC Resident Enterprises, as amended in December 2017, or Bulletin 7. Pursuant to this Bulletin 7, an "indirect transfer" of assets, including non-publicly traded equity interests in a PRC resident enterprise, by non-PRC resident enterprises may be re-characterized and treated as a direct transfer of PRC taxable assets, if such arrangement does not have a reasonable commercial purpose and was established for the purpose of avoiding payment of PRC enterprise income tax. As a result, gains derived from such indirect transfer may be subject to PRC enterprise income tax. According to Bulletin 7, "PRC taxable assets" include assets attributed to an establishment in China, immovable properties located in China, and equity investments in PRC resident enterprises, in respect of which gains from their transfer by a direct holder, being a non-PRC resident enterprise, would be subject to PRC enterprise income taxes. When determining whether there is a "reasonable commercial purpose" of the transaction arrangement, features to be taken into consideration include, without limitation: whether the main value of the equity interest of the relevant offshore enterprise derives from PRC taxable assets; whether the assets of the relevant offshore enterprise mainly consists of direct or indirect investment in China or if its income mainly derives from China; whether the offshore enterprise and its subsidiaries directly or indirectly holding PRC taxable assets have real commercial nature which is evidenced by their actual function and risk exposure; the duration of existence of the business model and organizational structure; the replicability of the transaction by direct transfer of PRC taxable assets; and the tax situation of such indirect transfer and applicable tax treaties or similar arrangements. In respect of an indirect offshore transfer of assets of a PRC establishment, the resulting gain is to be included with the enterprise income tax filing of the PRC establishment or place of business being transferred, and would consequently be subject to PRC enterprise income tax at a rate of 25%. Where the underlying transfer relates to the immovable properties located in China or to equity investments in a PRC resident enterprise, which is not related to a PRC establishment or place of business of a non-resident enterprise, a PRC enterprise income tax of 10% would apply, subject to available preferential tax treatment under applicable tax treaties or similar arrangements, and the party who is obligated to make the transfer payments has the withholding obligation. Bulletin 7 does not apply to transactions of sale of shares by investors through a public stock exchange where such shares were acquired from a transaction through a public stock exchange. On October 17, 2017, the State Administration of Taxation promulgated the Announcement of the State Administration of Taxation on Issues Concerning the Withholding of Non-resident Enterprise Income Tax at Source, or SAT Circular 37, which became effective on December 1, 2017 and was most recently amended on June 15, 2018. SAT Circular 37, among other things, simplified procedures of withholding and payment of income tax levied on non-resident enterprises.

We face uncertainties as to the reporting and other implications of certain past and future transactions where PRC taxable assets are involved, such as offshore restructuring, sale of the shares in our offshore subsidiaries or investments. Our company may be subject to filing obligations or taxed if our company is transferor in such transactions, and may be subject to withholding obligations if our company is transferee in such transactions under Bulletin 7 and SAT Circular 37. For transfer of shares in our company by investors that are non-PRC resident enterprises, our PRC subsidiaries may be requested to assist in the filing under Bulletin 7 and SAT Circular 37. As a result, we may be required to expend valuable resources to comply with Bulletin 7 and SAT Circular 37 or to request the relevant transferors from whom we purchase taxable assets to comply with these publications, or to establish that our company should not be taxed under these publications, which may have a material adverse effect on our financial condition and results of operations.

We are subject to restrictions on currency exchange.

Substantially all of our revenues are denominated in Renminbi. The Renminbi is currently convertible under the "current account," which includes dividends, trade and service-related foreign exchange transactions, but not under the "capital account," which includes foreign direct investment and loans, including loans we may secure from our PRC subsidiaries. Currently, our PRC subsidiaries may purchase foreign currency for settlement of "current account transactions," including payment of dividends to us, by complying with certain procedural requirements. However, the relevant PRC governmental authorities may limit or eliminate our ability to purchase foreign currencies in the future for current account transactions. Foreign exchange transactions under the capital account remain subject to limitations and require approvals from, or registration with, the SAFE and other relevant PRC governmental authorities. Since a significant amount of our future revenues and cash flow will be denominated in Renminbi, any existing and future restrictions on currency exchange may limit our ability to utilize cash generated in Renminbi to fund our business activities outside of the PRC or pay dividends in foreign currencies to our shareholders, including holders of the Class A ordinary shares and/or ADSs, and may limit our ability to obtain foreign currency through debt or equity financing for our onshore subsidiaries.

PRC regulation of loans to, and direct investment in, PRC entities by offshore holding companies and governmental control of currency conversion may restrict or prevent us from using the proceeds of our offshore offerings to make loans or additional capital contributions to our PRC subsidiaries.

In utilizing the proceeds from our initial public offering in the U.S. and our follow-on public offering completed in December 2020, we, as an offshore holding company, are permitted under PRC laws and regulations to provide funding to our PRC subsidiaries, which are treated as foreign-invested enterprises under PRC laws, through loans or capital contributions. However, loans by us to our PRC subsidiaries to finance their activities cannot exceed statutory limits and must be registered with the local counterpart of SAFE and capital contributions to our PRC subsidiaries are subject to the requirement of making necessary registration with competent governmental authorities in China.

SAFE promulgated the Notice of the State Administration of Foreign Exchange on Reforming the Administration of Foreign Exchange Settlement of Capital of Foreign-invested Enterprises, or Circular 19, effective on June 1, 2015, which was amended on December 30, 2019. According to Circular 19, the flow and use of the RMB capital converted from foreign currency-denominated registered capital of a foreign-invested company is regulated such that RMB capital may not be used for the issuance of RMB entrusted loans, the repayment of inter-enterprise loans or the repayment of banks loans that have been transferred to a third party. Although Circular 19 allows RMB capital converted from foreign currency-denominated registered capital of a foreign-invested enterprise to be used for equity investments within the PRC, it also reiterates the principle that RMB converted from the foreign currency-denominated capital of a foreign-invested company may not be directly or indirectly used for purposes beyond its business scope. Thus, it is unclear whether SAFE will permit such capital to be used for equity investments in the PRC in actual practice. SAFE subsequently issued several circulars in the following years to provide additional guidelines on the use by foreign-invested entities of the income under their capital accounts generated from their capital, foreign debt and overseas listing. However, the interpretation and enforcement of SAFE Circular 19 and other circulars remain subject to uncertainty and potential future policy changes from the SAFE.

In light of the various requirements imposed by PRC regulations on loans to, and direct investment in, PRC entities by offshore holding companies, we cannot assure you that we will be able to complete the necessary government registrations or obtain the necessary government approvals on a timely basis, if at all, with respect to future loans or future capital contributions by us to our PRC subsidiaries. As a result, uncertainties exist as to our ability to provide prompt financial support to our PRC subsidiaries when needed. If we fail to complete such registrations or obtain such approvals, our ability to use foreign currency, including the proceeds we received from the initial public offering in the U.S. and the follow-on public offering, and to capitalize or otherwise fund our PRC operations may be negatively affected, which could materially and adversely affect our liquidity and our ability to fund and expand our business.

Fluctuations in exchange rates could result in foreign currency exchange losses and could materially reduce the value of your investment.

The value of the Renminbi against the U.S. dollar and other currencies may fluctuate and is affected by, among other things, changes in political, economic and social conditions and the foreign exchange policy adopted by the PRC government. On July 21, 2005, the PRC government changed its policy of pegging the value of the Renminbi to the U.S. dollar. Following the removal of the U.S. dollar peg, the Renminbi appreciated more than 20% against the U.S. dollar over the following three years. Between July 2008 and June 2010, this appreciation halted and the exchange rate between the Renminbi and the U.S. dollar remained within a narrow band. Since June 2010, the Renminbi has fluctuated against the U.S. dollar, at times significantly and unpredictably. On November 30, 2015, the Executive Board of the International Monetary Fund, completed the regular five-year review of the basket of currencies that make up the Special Drawing Right, or the SDR, and decided that with effect from October 1, 2016, Renminbi is determined to be a freely usable currency and will be included in the SDR basket as a fifth currency, along with the U.S. dollar, the Euro, the Japanese yen and the British pound. In the fourth quarter of 2016, the Renminbi has depreciated significantly in the backdrop of a surging U.S. dollar and persistent capital outflows of China. This depreciation halted in 2017, and the Renminbi appreciated approximately 7% against the U.S. dollar during this one-year period. Starting from the beginning of 2019, the Renminbi has depreciated significantly against the U.S. dollar again. In early August 2019, the PBOC set the Renminbi's daily reference rate at RMB7.0039 to US$1.00, the first time that the exchange rate of Renminbi to U.S. dollar exceeded 7.0 since 2008. With the development of the foreign exchange market and progress towards interest rate liberalization and Renminbi internationalization, the PRC government may in the future announce further changes to the exchange rate system, and we cannot assure you that the Renminbi will not appreciate or depreciate significantly in value against the U.S. dollar in the future. It is difficult to predict how market forces or PRC or U.S. government policy may impact the exchange rate between the Renminbi and the U.S. dollar in the future.

Most of our revenue and costs are denominated in Renminbi. Any significant revaluation of Renminbi may materially and adversely affect our results of operations and financial position reported in Renminbi when translated into U.S. dollars, and the value of, and any dividends payable on, the ADSs in U.S. dollars. To the extent that we need to convert U.S. dollar proceeds we received from our PRC-offshore financing activities into Renminbi for the Group's operations, appreciation of the Renminbi against the U.S. dollar would have an adverse effect on the Renminbi amount we would receive. Conversely, if we decide to convert our Renminbi into U.S. dollars for the purpose of making payments for dividends on our ordinary shares or ADSs or for other business purposes, appreciation of the U.S. dollar against the Renminbi would have a negative effect on the U.S. dollar amount.

The ability of U.S. authorities to bring actions for violations of U.S. securities law and regulations against us, our directors, executive officers or the expert named in this annual report may be limited. Therefore, you may not be afforded the same protection as provided to investors in U.S. domestic companies.

The SEC, the U.S. Department of Justice, or the DOJ, and other U.S. authorities often have substantial difficulties in bringing and enforcing actions against non-U.S. companies such as us, and non-U.S. persons, such as our directors and executive officers in China. Due to jurisdictional limitations, matters of comity and various other factors, the SEC, the DOJ and other U.S. authorities may be limited in their ability to pursue bad actors, including in instances of fraud, in emerging markets such as China. The Group's operations are mainly conducted in China and the Group's assets are mainly located in China. In addition, a majority of our directors and executive officers reside within China. There may be significant legal and other obstacles for U.S. authorities to obtain information needed for investigations or litigation against us or our directors, executive officers or other gatekeepers in case we or any of these individuals engage in fraud or other wrongdoing. In addition, local authorities in China may be constrained in their ability to assist U.S. authorities and overseas investors in connection with legal proceedings. As a result, if we, our directors, executive officers or other gatekeepers commit any securities law violation, fraud or other financial misconduct, the U.S. authorities may not be able to conduct effective investigations or bring and enforce actions against us, our directors, executive officers or other gatekeepers. Therefore, you may not be able to enjoy the same protection provided by various U.S. authorities as it is provided to investors in U.S. domestic companies.

You may experience difficulties in effecting service of legal process, enforcing foreign judgments or bringing original actions in China, based on United States or other foreign laws, against us, our directors, executive officers or the expert named in this annual report. Therefore, you may not be able to enjoy the protection of such laws in an effective manner.

The Group conducts its operations mainly in China, and its assets are mainly located in China. In addition, a majority of our directors and executive officers reside within China. As a result, it may not be possible to effect service of process within the United States or elsewhere outside China upon us, our directors and executive officers, including with respect to matters arising under U.S. federal securities laws or applicable state securities laws. Even if you obtain a judgment against us, our directors, executive officers or the expert named in this annual report in a U.S. court or other court outside China, you may not be able to enforce such judgment against us or them in China. China does not have treaties providing for the reciprocal recognition and enforcement of judgments of courts in the United States, the United Kingdom, Japan or most other western countries. Therefore, recognition and enforcement in China of judgments of a court in any of these jurisdictions may be difficult or impossible. In addition, you may not be able to bring original actions in China based on the U.S. or other foreign laws against us, our directors, executive officers or the expert named in this annual report. As a result, shareholder claims that are common in the U.S., including class actions based on securities law and fraud claims, are difficult or impossible to pursue as a matter of law and practicality in China. For example, in China, there may be significant legal and other obstacles to obtaining information needed for shareholder investigations or litigation outside China or otherwise with respect to foreign entities. According to Article 177 of the PRC Securities Law which became effective in March 2020, no overseas securities regulator is allowed to directly conduct investigation or evidence collection activities within the territory of the PRC. In addition, on February 24, 2023, the CSRC and several other Chinese authorities promulgated the Provisions on Strengthening Confidentiality and Archives Administration of Overseas Securities Offering and Listing by Domestic Companies, which provide that where an overseas securities regulator and a competent overseas authority requests to inspect, investigate or collect evidence from a PRC domestic company concerning overseas offering and listing, or to inspect, investigate, or collect evidence from the PRC domestic securities companies and securities service providers that undertake relevant businesses for such PRC domestic companies, such inspection, investigation and evidence collection shall be conducted under a cross-border regulatory cooperation mechanism, and the CSRC or other competent Chinese authorities will provide necessary assistance pursuant to bilateral and multilateral cooperation mechanisms. The PRC domestic company, securities companies and securities service providers shall first obtain approval from the CSRC or other competent Chinese authorities before cooperating with the inspection and investigation by the overseas securities regulator or competent overseas authority, or providing documents and materials requested in such inspection and investigation. Accordingly, without the consent of the competent PRC securities regulators and relevant authorities, no organization or individual may provide the documents and materials relating to securities business activities to overseas parties. As such, the inability for an overseas securities regulator to directly conduct investigation or evidence collection activities within China may further increase difficulties faced by investors in protecting your interests. If an investor is unable to bring a U.S. claim or collect on a U.S. judgment, the investor may have to rely on legal claims and remedies available in China or other overseas jurisdictions where a China-based issuer, such as our company, may maintain assets. The claims and remedies available in these jurisdictions are often significantly different from those available in the United States and difficult to pursue. Therefore, you may not be able to effectively enjoy the protection offered by the U.S. laws and regulations that are intended to protect public investors.

Judgment of United States courts will not be directly enforced in Hong Kong. There are currently no treaties or other arrangements providing for reciprocal enforcement of foreign judgments between Hong Kong and the United States. However, subject to certain conditions, including but not limited to when the judgment is for a liquidated amount in a civil matter and not in respect of taxes, fines, penalties or similar charges, the judgment is final and conclusive and has not been stayed or satisfied in full, the proceedings in which the judgment was obtained were not contrary to natural justice and the enforcement of the judgment is not contrary to public policy of Hong Kong, Hong Kong courts may accept such judgment obtained from a United States court as a debt due under the rules of common law enforcement. However, a separate legal action for debt must be commenced in Hong Kong in order to recover such debt from the judgment debtor, and there can be no assurance that such legal action in Hong Kong would be resolved in favor of the judgment debtor.

Additional remedial measures could be imposed on certain PRC-based accounting firms, including our independent registered public accounting firm, in administrative proceedings instituted by the SEC, as a result of which our financial statements may be determined to not be in compliance with the requirements of the Exchange Act, if at all.

In December 2012, the SEC brought administrative proceedings against the PRC-based "big four" accounting firms, including the auditors of our audit report in this annual report, alleging that they had violated U.S. securities laws by failing to provide audit work papers and other documents related to certain other PRC-based companies under investigation by the SEC. On January 22, 2014, an initial administrative law decision was issued, censuring and suspending these accounting firms from practicing before the SEC for a period of six months. The decision was neither final nor legally effective until reviewed and approved by the SEC, and on February 12, 2014, the PRC-based accounting firms appealed to the SEC against this decision. In February 2015, each of the four PRC-based accounting firms agreed to a censure and to pay a fine to the SEC to settle the dispute and avoid suspension of their ability to practice before the SEC. The settlement required the firms to follow detailed procedures to seek to provide the SEC with access to such firms' audit documents via the CSRC. If the firms did not follow these procedures or if there is a failure in the process between the SEC and the CSRC, the SEC could impose penalties such as suspensions, or it could restart the administrative proceedings. Under the terms of the settlement, the underlying proceeding against the four PRC-based accounting firms was deemed dismissed with prejudice for four years after entry of the settlement. The four-year mark occurred on February 6, 2019.

Pursuant to the HFCA Act, the PCAOB issued a report on December 16, 2021 notifying the SEC of its determination that it is unable to inspect or investigate completely accounting firms headquartered in mainland China or Hong Kong, including the four PRC-based accounting firms. Although he PCAOB Board voted in December 2022 to vacate its previous determination following the Statement of Protocol signed between the PCAOB and the CSRC and the MOF in August 2022 and the on-site inspections and investigations conducted by the PCAOB staff in Hong Kong, we cannot assure you that the PCAOB will always have complete access to inspect and investigate the four PRC-based accounting firms. See "—If the PCAOB determines that it is unable to inspect or investigate completely our auditor at any point in the future for two consecutive years, our ADSs may be prohibited from trading in the United States under the Holding Foreign Companies Accountable Act, as amended, or the HFCA Act, and any such trading prohibition on our ADSs or threat thereof may materially and adversely affect the price of our ADSs and value of your investment." In the event that the PRC-based "big four" accounting firms become subject to additional legal challenges by the SEC or PCAOB, depending upon the final outcome, listed companies in the U.S. with major PRC operations may find it difficult or impossible to retain auditors in respect of their operations in the PRC, which could result in financial statements being determined to not be in compliance with the requirements of the Exchange Act, including possible delisting. Moreover, any negative news about any such future proceedings against these audit firms may cause investor uncertainty regarding China-based, U.S.-listed companies and the market price of our Class A ordinary shares and/or our ADSs may be adversely affected.

If the auditors of our audit report in this annual report independent registered public accounting firm were denied, even temporarily, the ability to practice before the SEC and we were unable to timely find another registered public accounting firm to audit and issue an opinion on the Group's consolidated financial statements, the Group's consolidated financial statements could be determined not to be in compliance with the requirements of the Exchange Act. Such a determination could ultimately lead to delisting of the ADSs from the NYSE or deregistration from the SEC, or both, which would substantially reduce or effectively terminate the trading of the ADSs in the U.S.

Risks Relating to Our Corporate Structure

Revenue contributions from the Group VIEs have not been and are not expected in the foreseeable future to be material. Nonetheless, if the PRC government deems that the contractual arrangements in relation to the Group VIEs do not comply with PRC regulatory restrictions on foreign investment in the relevant industries, or if these regulations or the interpretation of existing regulations change in the future, our Class A ordinary shares and ADSs may decline in value if we are unable to assert our contractual control rights over the assets of the Group VIEs.

Because we are an exempted company incorporated in the Cayman Islands, we are classified as a foreign enterprise under PRC laws and regulations, and our PRC subsidiaries are foreign-invested enterprises, or FIEs. To comply with PRC laws and regulations, we set up a series of contractual arrangements entered into among some of our PRC subsidiaries, the Group VIEs and their shareholders to conduct some of our operations in China. For a detailed description of these contractual arrangements, see "Item 4. Information on the Company—C. Organizational Structure."

If our corporate structure and contractual arrangements are deemed by the relevant regulators having competent authority to be illegal, either in whole or in part, we may lose control of the Group VIEs and have to modify such structure and contractual arrangements to comply with regulatory requirements. However, there can be no assurance that we can achieve this without material disruption to our business. Further, if our corporate structure and contractual arrangements are found to be in violation of any existing or future PRC laws or regulations, the relevant regulatory authorities would have broad discretion in dealing with such violations, including:

- revoking our relevant business and operating licenses;
- levying fines on us;
- confiscating any of our income that they deem to be obtained through illegal operations;
- shutting down our relevant services;
- discontinuing or restricting the Group's operations in China;
- imposing conditions or requirements with which we may not be able to comply;
- requiring us to change our corporate structure and contractual arrangements;
- restricting or prohibiting our use of the proceeds from overseas offering to finance the Group VIEs' business and operations; and
- taking other regulatory or enforcement actions that could be harmful to our business.

Furthermore, new PRC laws, rules and regulations may be introduced to impose additional requirements that may be applicable to our corporate structure and contractual arrangements. See "—Uncertainties exist with respect to the interpretation and implementation of the Foreign Investment Law and its implementing rules and how they may impact our business, financial condition and results of operations." Occurrence of any of these events could materially and adversely affect our business, financial condition and results of operations. If the PRC government determines that these contractual arrangements do not comply with PRC regulations, or if these regulations change or are interpreted differently in the future, our Class A ordinary shares and ADSs may decline in value if we are unable to assert our contractual control rights over the assets of the Group VIEs. In addition, if the imposition of any of these penalties or requirement to restructure our corporate structure causes us to lose the rights to direct the activities of the Group VIEs or our right to receive their economic benefits, we would no longer be able to consolidate the financial results of such VIEs in our consolidated financial statements.

We rely on contractual arrangements with the Group VIEs and their respective affiliate shareholders to operate certain businesses that do not have and are not expected in the foreseeable future to have material revenue contributions to the Group. Such contractual arrangements may not be as effective as direct ownership in providing operational control and otherwise have a material adverse effect as to our business.

We rely on contractual arrangements with the Group VIEs and their respective affiliate shareholders to operate the business in areas where foreign ownership is restricted or prohibited, including the value-added telecommunications business. For a description of these contractual arrangements, see "Item 4. Information on the Company—C. Organizational Structure—Contractual Arrangements with the Group VIEs and Their Shareholders." These contractual arrangements may not be as effective as direct ownership in providing us with control over the Group VIEs. Investors in our ADSs and Class A ordinary shares are not purchasing equity interest in the Group's operating entities in China, but instead are purchasing an equity interest in XPeng Inc., a Cayman Islands holding company. The Group VIEs do not represent a material percentage of the Group's results of operations and the Group VIEs do not support material revenues reported within other subsidiaries of our company. The Group VIEs are consolidated with our results of operations for accounting purposes pursuant to U.S. GAAP (ASC 810). However, if the Group VIEs or the respective affiliate shareholders of the Group VIEs fail to perform their respective obligations under these contractual arrangements, we may have to incur substantial costs and expend additional resources to enforce such arrangements, and rely on legal remedies under PRC laws, including contractual remedies, which may not be sufficient or effective. All of these contractual arrangements are governed by PRC law and provide for the resolution of disputes through arbitration or court proceedings in the PRC. Accordingly, these contracts would be interpreted in accordance with PRC laws and any disputes would be resolved in accordance with PRC legal procedures. However, uncertainties regarding the interpretation and enforcement of the relevant PRC laws and regulations could limit our ability to enforce these contractual arrangements. Meanwhile, there are very few precedents and little formal guidance as to how contractual arrangements in the context of a variable interest entity should be interpreted or enforced under PRC law. There remain significant uncertainties regarding the ultimate outcome of such arbitration should legal action become necessary. In addition, under PRC laws, rulings by arbitrators are final, parties cannot appeal the arbitration results in courts, and if the losing parties fail to carry out the arbitration awards within a prescribed time limit, the prevailing parties may only enforce the arbitration awards in the PRC courts through arbitration award recognition proceedings, which would require additional expenses and delay. In the event that we are unable to enforce these contractual arrangements, or if we suffer significant time delays or other obstacles in the process of enforcing these contractual arrangements, it would be very difficult to exert effective control over the Group VIEs, and our ability to conduct our business and our financial condition and results of operations may be materially and adversely affected. See "—Risks Relating to Doing Business in China—Changes and developments in the PRC legal system and the interpretation and enforcement of PRC laws, rules and regulations may subject us to uncertainties."

Our contractual arrangements with the Group VIEs may result in adverse tax consequences to us.

We could face material and adverse tax consequences if the PRC tax authorities determine that our contractual arrangements with the Group VIEs were not made on an arm's length basis and adjust our income and expenses for PRC tax purposes by requiring a transfer pricing adjustment. A transfer pricing adjustment could adversely affect us by (i) increasing the tax liabilities of the Group VIEs without reducing the tax liability of our subsidiaries, which could further result in late payment fees and other penalties to the Group VIEs for underpaid taxes; or (ii) limiting the ability of the Group VIEs to obtain or maintain preferential tax treatments and other financial incentives.

If we exercise the option to acquire equity ownership of the Group VIEs, the ownership transfer may subject us to certain limitations and substantial costs.

Pursuant to the contractual arrangements, to the extent allowed by PRC laws, rules and regulations, Xiaopeng Technology, Xiaopeng Chuxing, Xiaopeng Motors Sales, or their respective designated person, have the exclusive right to purchase all or any part of the equity interests in the relevant Group VIEs from their respective affiliate shareholders equal to the amount of the relevant registered capital contributed by the affiliate shareholders in the relevant Group VIEs. If such amount in each case is lower than the minimum price permitted by PRC law, the minimum price permitted by PRC law shall be the purchase price. Subject to relevant laws and regulations, the affiliate shareholders of the relevant Group VIEs shall return any amount of purchase price they have received to Xiaopeng Technology, Xiaopeng Chuxing or Xiaopeng Motors Sales. In September 2021, Xiaopeng Technology acquired 50% of equity interest in Zhipeng IoV from its individual shareholders, and Xiaopeng Chuxing acquired 50% of equity interest in Yidian Chuxing from its individual shareholders. As the transfer prices of such equity transfers might be subject to review and tax adjustment with reference to the market value by the relevant tax authorities, such authorities may require Xiaopeng Technology or Xiaopeng Chuxing to pay individual income taxes in the PRC on behalf of the individual shareholders for ownership transfer income with reference to the market value accordingly, in which case the amount of tax could be substantial.

The affiliate shareholders of the Group VIEs may have conflicts of interest with us, which may materially and adversely affect our business and financial condition.

We rely on the affiliate shareholders of the Group VIEs to abide by the obligations under such contractual arrangements. Their interests as the affiliate shareholders of the Group VIEs may differ from the interests of our company as a whole, as what is in the best interests of the Group VIEs, including matters such as whether to distribute dividends or to make other distributions to fund our offshore requirement, may not be aligned with the best interests of our company. There can be no assurance that when conflicts of interest arise, any or all of these shareholders will act in the best interests of our company or those conflicts of interest will be resolved in our favor. In addition, these shareholders may breach or cause the Group VIEs and their subsidiaries to breach or refuse to renew the existing contractual arrangements with us. Control over, and funds due from, the Group VIEs may be jeopardized if such shareholders breach the terms of the contractual arrangements or are subject to legal proceedings.

Currently, we do not have arrangements to address conflicts of interest the affiliate shareholders of the Group VIEs may encounter, on one hand, and as a beneficial owner of our company, on the other hand. We, however, could, at all times, exercise our option under the exclusive call option agreements to cause them to transfer all of their equity ownership in the Group VIEs to an entity or individual designated by us as permitted by the then applicable PRC laws. In addition, if such conflicts of interest arise, we could also, in the capacity of attorney-in-fact of the then existing affiliate shareholders of the Group VIEs as provided under the power of attorney agreements, directly appoint new directors of the Group VIEs. We rely on the affiliate shareholders of the Group VIEs to comply with PRC laws and regulations, which protect contracts and provide that directors and executive officers owe a duty of loyalty to our company and require them to avoid conflicts of interest and not to take advantage of their positions for personal gains, and the laws of the Cayman Islands, which provide that directors have a duty of care and a duty of loyalty to act honestly in good faith with a view to our best interests. However, the legal frameworks of China and the Cayman Islands do not provide guidance on resolving conflicts in the event of a conflict with another corporate governance regime. If we cannot resolve any conflicts of interest or disputes between us and the individual shareholders of the Group VIEs, we would have to rely on legal proceedings, which could result in disruption of our business and subject us to substantial uncertainty as to the outcome of any such legal proceedings.

Our corporate actions will be substantially controlled by certain shareholders who will have the ability to control or exert significant influence over important corporate matters that require approval of shareholders, which may deprive you of an opportunity to receive a premium for the Class A ordinary shares and/or ADSs and materially reduce the value of your investment.

Our current memorandum and articles of association provide that in respect of all matters subject to a shareholders' vote, each Class A ordinary share is entitled to one vote and each Class B ordinary share is entitled to 10 votes, save that each Class A ordinary share and Class B ordinary share shall entitle its holder to one vote on a poll at a general meeting in respect of a resolution on any of the following matters: (a) any amendment to our memorandum or articles of association, including the variation of the rights attached to any class of shares; (b) the appointment, election or removal of any independent non-executive director; (c) the appointment or removal of our auditors; or (d) the voluntary liquidation or winding-up of us. As of March 31, 2025, Mr. Xiaopeng He, our co-founder, chairman beneficially owned all the Class B ordinary shares issued and outstanding, which represented 69.2% of the voting power of our total issued and outstanding shares . As a result, Mr. He has the ability to control or exert significant influence over important corporate matters to the extent permitted under the Hong Kong Listing Rules, and the memorandum and articles of association, and investors may be prevented from affecting important corporate matters involving our company that require approval of shareholders, including:

- the composition of our board of directors and, through it, any determinations with respect to the Group's operations, business direction and policies, including the appointment and removal of officers;
- any determinations with respect to mergers or other business combinations;
- our disposition of substantially all of our assets; and

- any change in control.

These actions may be taken even if they are opposed by our other shareholders, including the holders of the Class A ordinary shares and/or ADSs. Furthermore, this concentration of ownership may also discourage, delay or prevent a change in control of our company, which could have the dual effect of depriving our shareholders of an opportunity to receive a premium for their respective shares as part of a sale of our company and reducing the price of the Class A ordinary shares and/or ADSs. As a result of the foregoing, the value of your investment could be materially reduced.

The structure of our share capital may render the Class A ordinary shares and/or ADSs ineligible for inclusion in certain stock market indices, and thus adversely affect the market price and liquidity of the Class A ordinary shares and/or ADSs.

In July 2017, FTSE Russell and Standard & Poor's announced that they would cease to allow most newly public companies utilizing dual or multi-class capital structures to be included in their indices. Affected indices include the Russell 2000 and the S&P 500, S&P MidCap 400 and S&P SmallCap 600, which together make up the S&P Composite 1500. Under the announced policies, our capital structure with more than one class of shares would make Class A ordinary shares and ADSs ineligible for inclusion in any of these indices, and as a result, mutual funds, exchange-traded funds and other investment vehicles that attempt to passively track these indices will not be investing in the ADSs and Class A ordinary shares. These policies are still relatively new and it is yet unclear what effect, if any, they have had and will have on the valuations of publicly traded companies excluded from the indices, but it is possible that they may depress these valuations compared to those of other similar companies that are included and may adversely affect the liquidity of the shares of such companies. As such, the exclusion of the Class A ordinary shares and/or ADSs from these indices could result in a less active trading market for the Class A ordinary shares and/or ADSs and adversely affect their trading price.

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

Under PRC law, legal documents for corporate transactions, including agreements and contracts such as the leases and sales contracts that our business relies on, are executed using the chop or seal of the signing entity or with the signature of a legal representative whose designation is registered and filed with the relevant local branch of the State Administration for Market Regulation, or the SAMR. We generally execute legal documents by affixing chops or seals, rather than having the designated legal representatives sign the documents. The chops of our subsidiaries and Group VIEs are generally held by the relevant entities so that documents can be executed locally. Although we usually utilize chops to execute contracts, the registered legal representatives of our subsidiaries and Group VIEs have the apparent authority to enter into contracts on behalf of such entities without chops, unless such contracts set forth otherwise.

In order to maintain the physical security of our chops, we generally have them stored in secured locations accessible only to the designated key employees of our legal, administrative or finance departments. Our designated legal representatives generally do not have access to the chops. Although we have approval procedures in place and monitor our key employees, including the designated legal representatives of our subsidiaries and Group VIEs, the procedures may not be sufficient to prevent all instances of abuse or negligence. There is a risk that our key employees or designated legal representatives could abuse their authority, for example, by binding our subsidiaries and Group VIEs with contracts against our interests, as we would be obligated to honor these contracts if the other contracting party acts in good faith in reliance on the apparent authority of our chops or signatures of our legal representatives. If any designated legal representative obtains control of the chop in an effort to obtain control over the relevant entity, we would need to have a shareholder or board resolution to designate a new legal representative and to take legal action to seek the return of the chop, apply for a new chop with the relevant authorities, or otherwise seek legal remedies for the legal representative's misconduct. If any of the designated legal representatives obtains and misuses or misappropriates our chops and seals or other controlling intangible assets for whatever reason, we could experience disruption to our normal business operations. We may have to take corporate or legal action, which could involve significant time and resources to resolve while distracting management from our operations, and our business and operations may be materially and adversely affected.

Uncertainties exist with respect to the interpretation and implementation of the Foreign Investment Law and its implementing rules and how they may impact our business, financial condition and results of operations.

The VIE structure through contractual arrangements has been adopted by many PRC-based companies, including us, to obtain necessary licenses and permits in the industries that are currently subject to foreign investment restrictions in China. The MOFCOM published a discussion draft of the proposed Foreign Investment Law in January 2015, or the 2015 Draft FIL, according to which, variable interest entities that are controlled via contractual arrangements would also be deemed as foreign-invested entities, if they are ultimately "controlled" by foreign investors. In March 2019, the PRC National People's Congress promulgated the Foreign Investment Law, and in December 2019, the State Council promulgated the Implementing Rules of Foreign Investment Law, or the Implementing Rules, to further clarify and elaborate the relevant provisions of the Foreign Investment Law. The Foreign Investment Law and the Implementing Rules both became effective from January 1, 2020 and replaced the major previous laws and regulations governing foreign investments in the PRC. Pursuant to the Foreign Investment Law, "foreign investments" refer to investment activities conducted by foreign investors (including foreign natural persons, foreign enterprises or other foreign organizations) directly or indirectly in the PRC, which include any of the following circumstances: (i) foreign investors setting up foreign-invested enterprises in the PRC solely or jointly with other investors, (ii) foreign investors obtaining shares, equity interests, property portions or other similar rights and interests of enterprises within the PRC, (iii) foreign investors investing in new projects in the PRC solely or jointly with other investors, and (iv) investment in other methods as specified in laws, administrative regulations, or as stipulated by the State Council. The Foreign Investment Law and the Implementing Rules do not introduce the concept of "control" in determining whether a company would be considered as a foreign-invested enterprise, nor do they explicitly provide whether the VIE structure would be deemed as a method of foreign investment. However, the Foreign Investment Law has a catch-all provision that includes into the definition of "foreign investments" made by foreign investors in China in other methods as specified in laws, administrative regulations, or as stipulated by the State Council, and as the relevant government authorities may promulgate more laws, regulations or rules on the interpretation and implementation of the Foreign Investment Law, the possibility cannot be ruled out that the concept of "control" as stated in the 2015 Draft FIL may be embodied in, or the VIE structure adopted by us may be deemed as a method of foreign investment by, any of such future laws, regulations and rules. If any Group VIEs were deemed as a foreign-invested enterprise under any of such future laws, regulations and rules, and any of the businesses that we operate would be in any "negative list" for foreign investment and therefore be subject to any foreign investment restrictions or prohibitions, further actions required to be taken by us under such laws, regulations and rules may materially and adversely affect our business, financial condition and results of operations. Furthermore, if future laws, administrative regulations or provisions mandate further actions to be taken by companies with respect to existing contractual arrangements, we may face substantial uncertainties as to whether we can complete such actions in a timely manner, or at all. Failure to take timely and appropriate measures to cope with any of these or similar regulatory compliance challenges could materially and adversely affect our current corporate structure, business, financial condition and results of operations.

Risks Relating to Our Class A Ordinary Shares and ADSs

The trading price of our ADSs and Class A ordinary shares has been and is likely to continue to be volatile, which could result in substantial losses to you.

The trading price of our ADSs and Class A ordinary shares has been and is likely to continue to be, volatile and could fluctuate widely in response to a variety of factors, many of which are beyond our control. The stock market in general, and the market for technology companies in particular, has experienced extreme price and volume fluctuations that have often been unrelated or disproportionate to the operating performance of those companies. In particular, the stock prices of other companies with business operations located mainly in China that have listed their securities in Hong Kong and/or the United States may affect the volatility in the prices of and trading volumes for our Class A ordinary shares and/or ADSs. The securities of some of these companies have experienced significant volatility since their initial public offerings, including, in some cases, substantial price declines in the trading prices of their securities. The trading performances of other Chinese companies' securities, including technology companies, may affect the attitudes of investors toward Chinese companies listed in the U.S. and/or Hong Kong, which consequently may impact the trading performance of our Class A ordinary shares and/or ADSs, regardless of our actual operating performance. In addition, any negative news or perceptions about inadequate corporate governance practices or fraudulent accounting, corporate structure or matters of other Chinese companies may also negatively affect the attitudes of investors towards Chinese companies in general, including us, regardless of whether we have conducted any inappropriate activities. Furthermore, securities markets may from time to time experience significant price and volume fluctuations that are not related to our operating performance, such as the large decline in share prices in the U.S., China and other jurisdictions in late 2008, early 2009, the second half of 2011, 2015 and the first quarter of 2020. In particular, concerns about the economic impact of the COVID-19 pandemic have triggered significant price fluctuations in the U.S. stock market. In addition, a portion of our ADSs may be traded by short sellers, which may further increase the volatility of the trading price of our ADSs. All these fluctuations and incidents may have a material and adverse effect on the trading price of our Class A ordinary shares and/or our ADSs.

In addition to the above factors, the price and trading volume of our Class A ordinary shares and/or our ADSs may be highly volatile due to multiple factors, including the following:

- regulatory developments affecting us or our industry;
- announcements of studies and reports relating to the quality of our product offerings or those of our competitors;
- changes in the economic performance or market valuations of other providers of electric vehicles;
- actual or anticipated fluctuations in our quarterly results of operations and changes or revisions of our expected results;
- changes in financial estimates by securities research analysts;
- conditions in the EV market in China;
- announcements by us or our competitors of new product and service offerings, acquisitions, strategic relationships, joint ventures, capital raisings or capital commitments;
- additions to or departures of our senior management;
- the implementation of the HFCA Act and future development in that regard;
- fluctuations of exchange rates between the Renminbi, the Hong Kong dollar and the U.S. dollar;
- release or expiry of lock-up or other transfer restrictions on our Class A ordinary shares or ADSs; and
- sales or perceived potential sales of additional Class A ordinary shares or ADSs.

An active trading market for our ordinary shares on the Hong Kong Stock Exchange, our ADSs on the NYSE and/or our other securities might not be sustained and trading prices of our ordinary shares, ADSs and/or our other securities might fluctuate significantly.

We cannot assure you that an active trading market for our Class A ordinary shares on the Hong Kong Stock Exchange will be sustained. In addition, we cannot assure you that an active trading market for our ADSs on the NYSE or for our other securities will be sustained. For example, investors may convert our ADSs into Class A ordinary shares listed in Hong Kong. If our investors convert a significant portion of our ADSs into Class A ordinary shares listed in Hong Kong or if such conversions happen suddenly or at a rapid pace, the price and liquidity of our ADSs could be severely impacted. The trading price or liquidity for our ADSs on the NYSE and the trading price or liquidity for our Class A ordinary shares on the Hong Kong Stock Exchange in the past might not be indicative of those of our ADSs on the NYSE and our Class A ordinary shares on the Hong Kong Stock Exchange in the future. In addition, legislation, executive orders and other regulatory actions, such as the HFCA Act and U.S. Executive Order 13959, may cause our ADSs to be delisted from the NYSE. See "—Risks Related to Doing Business in China—If the PCAOB determines that it is unable to inspect or investigate completely our auditor at any point in the future for two consecutive years, our ADSs may be prohibited from trading in the United States under the Holding Foreign Companies Accountable Act, as amended, or the HFCA Act, and any such trading prohibition on our ADSs or threat thereof may materially and adversely affect the price of our ADSs and value of your investment." If an active trading market of our Class A ordinary shares on the Hong Kong Stock Exchange, our ADSs on the NYSE or our other securities is not sustained, the market price and liquidity of our Class A ordinary shares, our ADSs or our other securities, could be materially and adversely affected, and there may be difficulties in enforcing obligations with respect to our other securities.

We may fail to meet our publicly announced guidance or other expectations about our business, which could cause our stock price to decline.

We may from time to time provide guidance regarding our expected financial and business performance. Correctly identifying key factors affecting business conditions and predicting future events is inherently an uncertain process, and our guidance may not ultimately be accurate in all respects. Our guidance is based on certain assumptions, such as those relating to anticipated production and sales volumes, average sales prices, supplier and commodity costs, and planned cost reductions. If our guidance varies from actual results, the market value of our Class A ordinary shares and/or ADSs could decline significantly.

If securities or industry analysts do not publish research or publish inaccurate or unfavorable research about our business, the market price for our Class A ordinary shares and/or ADSs and their trading volume could decline.

The trading market for our Class A ordinary shares and our ADSs may be influenced by the research and reports that securities or industry analysts publish about us or our business. If research analysts do not establish and maintain adequate research coverage or if one or more of the analysts who covers us downgrades our Class A ordinary shares and/or ADSs or publishes inaccurate or unfavorable research about our business, the market price for our Class A ordinary shares and/or ADSs would likely decline. If one or more of these analysts cease coverage of our company or fail to publish reports on us regularly, we could lose visibility in the financial markets, which, in turn, could cause the market price or trading volume for our Class A ordinary shares and/or ADSs to decline.

Because we do not expect to pay cash dividends in the foreseeable future, you may not receive any return on your investment unless you sell your Class A ordinary shares or ADSs for a price greater than that which you paid for them.

We currently intend to retain most, if not all, of our available funds and any future earnings to fund the development and growth of our business. As a result, we do not expect to pay any cash dividends in the foreseeable future. See "Item 8. Financial Information—A. Consolidated Statements and Other Financial Information—Dividend Policy." Therefore, you should not rely on an investment in our Class A ordinary shares and ADSs as a source for any future dividend income.

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

Substantial future sales or perceived potential sales of our Class A ordinary shares and/or ADSs in the public market could cause the price of our Class A ordinary shares and/or ADSs to decline.

Sales of our Class A ordinary shares and/or ADSs in the public market, or the perception that these sales could occur, could cause the market price of our Class A ordinary shares and ADSs to decline significantly. As of March 31, 2025, we had 1,551,740,268 Class A ordinary shares and 348,708,257 Class B ordinary shares issued and outstanding, excluding 2,468,182 Class A ordinary shares issued to our depositary bank for bulk issuance of ADSs and reserved for future issuance upon the exercise or vesting of awards granted under our 2019 Equity Incentive Plan. All ADSs representing our Class A ordinary shares sold in our initial public offering in the U.S. and follow-on public offerings are freely transferable by persons other than our "affiliates" without restriction or additional registration under the U.S. Securities Act of 1933, as amended, or the Securities Act. All of the other ordinary shares outstanding are available for sale, subject to volume and other restrictions as applicable under Rule 144 and Rule 701 under the Securities Act.

In addition, certain of our shareholders have the right to cause us to register the sale of their ordinary shares under the Securities Act upon occurrence of certain circumstances. Registration of these shares under the Securities Act would result in ADSs representing these shares becoming freely tradable without restriction under the Securities Act immediately upon the effectiveness of the registration. Sales of ADSs representing these registered shares in the public market could cause the price of our Class A ordinary shares and/or ADSs to decline significantly.

Holders of our ADSs may have fewer rights than holders of our Class A ordinary shares and must act through the depositary to exercise those rights.

Holders of ADSs do not have the same rights of our shareholders and may only exercise the voting rights with respect to the underlying Class A ordinary shares in accordance with the provisions of the Deposit Agreement. Under our current memorandum and articles of association, the minimum notice period required to convene an annual general meeting will be 21 days and an extraordinary general meeting will be 14 days.

When a general meeting is convened, the holders of ADSs may not receive sufficient notice of a shareholders' meeting to permit the withdrawal of the underlying Class A ordinary shares represented by their ADSs to allow them to cast their votes as a shareholder with respect to any specific matter. In addition, the depositary and its agents may not be able to send voting materials to holders of ADSs or carry out the voting instructions of the holders of ADSs in a timely manner. We will make all reasonable efforts to cause the depositary to extend voting rights to holders of ADSs in a timely manner, but there can be no assurance that holders of ADSs will receive the voting materials in time to ensure that they can instruct the depositary to vote their ADSs. Furthermore, the depositary and its agents will not be responsible for any failure to carry out any instructions to vote, for the manner in which any vote is cast or for the effect of any such vote. As a result, holders of ADSs may not be able to exercise their right to vote and may lack recourse if the underlying Class A ordinary shares represented by their ADSs are not voted as they requested. In addition, holders of ADSs will not be able to call a shareholders' meeting.

Except in limited circumstances, the depositary for our ADSs will give us a discretionary proxy to vote the Class A ordinary shares underlying the ADSs at shareholders' meetings if holders of these ADSs do not give voting instructions to the depositary, which could adversely affect the interests of the holders of our Class A ordinary shares and/or ADSs.

Under the Deposit Agreement for the ADSs, if holders of ADSs do not vote, the depositary will, at our request, give us a discretionary proxy to vote the underlying Class A ordinary shares represented by their ADSs at shareholders' meetings unless:

- we have instructed the depositary that we do not wish a discretionary proxy to be given;
- we have informed the depositary that there is substantial opposition as to a matter to be voted on at the meeting;

- a matter to be voted on at the meeting would have an adverse impact on holders of ADSs; or
- the voting at the meeting is to be made on a show of hands.

The effect of this discretionary proxy is that holders of ADSs cannot prevent our underlying Class A ordinary shares represented by their ADSs from being voted, except under the circumstances described above. This may make it more difficult for shareholders to influence the management of our Company. Holders of our Class A ordinary shares are not subject to this discretionary proxy.

The rights of our ADS holders to pursue claims against the depositary as a holder of ADSs are limited by the terms of the Deposit Agreement and the Deposit Agreement may be amended or terminated without their consent.

Under the Deposit Agreement, any action or proceeding against or involving the depositary, arising out of or based upon the Deposit Agreement or the transactions contemplated thereby or by virtue of owning the ADSs (including any such action or proceeding that may arise under the Securities Act or Exchange Act) may only be instituted in a state or federal court in New York, New York, and holders of our ADSs will have irrevocably waived any objection which they may have to the laying of venue of any such proceeding, and irrevocably submitted to the exclusive jurisdiction of such courts in any such action or proceeding. Also, we may amend or terminate the Deposit Agreement without the consent of holders of ADSs. If holders of ADSs continue to hold their ADSs after an amendment to the Deposit Agreement, they will be deemed to have agreed to be bound by the Deposit Agreement as amended, unless such amendment is found to be invalid under any applicable laws, including the federal securities law.

The right of our ADS holders to participate in any future rights offerings may be limited, which may cause dilution to their holdings of our ADSs.

We may, from time to time, distribute rights to our shareholders, including rights to acquire our securities. However, we cannot make rights available to holders of ADSs in the U.S. unless we register both the distribution and sale of the rights and the securities to which the rights relate under the Securities Act or an exemption from the registration requirements is available. Under the Deposit Agreement, the depositary will not make rights available to holders of ADSs unless both the distribution and sale of the rights and the underlying securities to be distributed to holders of ADSs are either registered under the Securities Act or exempt from registration under the Securities Act. We are under no obligation to file a registration statement with respect to any such rights or securities or to endeavor to cause such a registration statement to be declared effective and we may not be able to establish a necessary exemption from registration under the Securities Act. Accordingly, holders of ADSs may be unable to participate in our rights offerings in the future and may experience dilution in their holdings.

Holders of our ADSs may not receive cash dividends or other distributions if the depositary determines it is illegal or impractical to make such cash dividends or other distributions available to them.

The depositary will pay cash distribution on the ADSs only to the extent that we decide to distribute dividends on our Class A ordinary shares or other deposited securities, and we do not have any present plan to pay any cash dividends in the foreseeable future. See “Item 8. Financial Information —A. Consolidated Statements and Other Financial Information—Dividend Policy.” To the extent that there is a distribution, the depositary of the ADSs has agreed to pay to holders of ADSs the cash dividends or other distributions it or the custodian receives on our Class A ordinary shares or other deposited securities after deducting its fees and expenses. Holders of ADSs will receive these distributions in proportion to the number of Class A ordinary shares their ADSs represent. However, the depositary may, at its discretion, decide that it is illegal or impractical to make a distribution available to any holders of ADSs. For example, the depositary may determine that it is not practicable to distribute certain property through the mail, or that the value of certain distributions may be less than the cost of mailing them. In these cases, the depositary may decide not to distribute such property to holders of ADSs.

We have incurred and expect to continue to incur significant costs as a public company, which could lower our profits or make it more difficult to run our business.

As a public company, we have incurred and expect to continue to incur significant legal, accounting and other expenses that we did not incur as a private company to ensure that we comply with the various requirements on corporate governance practices imposed by the Sarbanes-Oxley Act of 2002, rules subsequently implemented by the SEC and NYSE, as well as the applicable laws and regulations in Hong Kong (including the Hong Kong Listing Rules).

For example, as a result of becoming a public company, we have increased the number of independent directors and adopted policies regarding internal controls and disclosure controls and procedures. We have also incurred additional costs associated with our public company reporting requirements. We expect that these rules and regulations will continue to cause us to incur elevated legal and financial compliance costs, devote substantial management effort to ensure compliance and make some corporate activities more time-consuming and costly. We are currently evaluating and monitoring developments with respect to these rules and regulations, and we cannot predict or estimate with any degree of certainty the amount of additional costs we may incur or the timing of such costs.

We and certain of our directors and officers may be named as defendants in one or several shareholder class action lawsuits.

Shareholder class action lawsuits may be filed against us and/or certain of our directors and officers. In the past, shareholders of a public company may bring securities class action suits against companies following periods of instability in the market price of those companies' securities. If we were involved in a class action suit, it may utilize a significant portion of our cash resources and could divert a significant amount of our management's attention from the day-to-day operations of our company and other resources from our business and operations, which could harm our results of operations and require us to incur significant expenses to defend the suit. Any such class action suit, whether or not successful, could harm our reputation and restrict our ability to raise capital in the future. In addition, if a claim is successfully made against us, we may be required to pay significant damages, which could have a material adverse effect on our financial condition and results of operations. We are currently unable to estimate the potential loss, if any, associated with the resolution of such lawsuits, if they proceed. We anticipate that we or certain of our directors or officers may be a target for lawsuits, including putative class action lawsuits brought by our shareholders and lawsuits against our directors and officers as a result of their position in other public companies. We cannot assure you that our directors or officers and we will be able to prevail in their or our defense or reverse any unfavorable judgment on appeal, and our directors or officers and we may decide to settle lawsuits on unfavorable terms. Any adverse outcome of these cases, including any plaintiffs' appeal of the judgment in these cases, could result in payments of substantial monetary damages or fines, or changes to our business practices, and thus materially and adversely affect our business, financial condition, results of operation, cash flows, and reputation. In addition, we cannot assure you that our insurance carriers will cover all or part of the defense costs, or any liabilities that may arise from these matters. We also may be subject to claims for indemnification related to these matters, and we cannot predict the impact that indemnification claims may have on our business or financial performance.

Holders of ADSs may be subject to limitations on transfer of their ADSs.

Our ADSs are transferable on the books of the depositary. However, the depositary may close its transfer books at any time or from time to time when it deems expedient in connection with the performance of its duties. In addition, the depositary may refuse to deliver, transfer or register transfers of ADSs generally when our books or the books of the depositary are closed, or at any time if we or the depositary deems it advisable to do so because of any requirement of law or of any government or governmental body, or under any provision of the Deposit Agreement, or for any other reason.

Our current memorandum and articles of association contain anti-takeover provisions that could discourage a third party from acquiring us, which could limit our shareholders' opportunity to sell their shares, including ordinary shares represented by the ADSs, at a premium.

Our current memorandum and articles of association gives us powers to take actions, some of which could have the effect of depriving our shareholders of an opportunity to sell their shares at a premium over prevailing market prices by discouraging third parties from seeking to obtain control of our company in a tender offer or similar transaction. For example, our board of directors has the authority to (i) issue, allot and dispose of shares (including, without limitation, preferred shares) to such persons, in such manner, on such terms and having such rights and being subject to such restrictions as the directors may from time to time determine, (ii) grant rights over shares or other securities to be issued in one or more classes or series and to determine the designations, powers, preferences, privileges, and other rights attaching to such shares or securities, including dividend rights, voting rights, conversion rights, terms of redemption and liquidation preferences, any or all of which may be greater than the powers, preferences, privileges and rights associated with our then issued and outstanding shares and (iii) grant options with respect to shares and issue warrants or similar instruments with respect thereto. Preferred shares could be issued quickly with terms calculated to delay or prevent a change in control of our company or make removal of management more difficult. However, our exercise of any such power that may limit the ability of others to acquire control of our company or cause us to engage in change-of-control transactions under the memorandum and articles, as well as others' acquisition of control of our company, after our listing on the Hong Kong Stock Exchange is subject to our overriding obligations to comply with all applicable Hong Kong laws and regulations, including the Hong Kong Listing Rules and the Codes on Takeovers and Mergers and Share Buy-backs.

ADS holders may not be entitled to a jury trial with respect to claims arising under the Deposit Agreement, which could result in less favorable outcomes to the plaintiff(s) in any such action.

The Deposit Agreement governing our ADSs provides that, to the extent permitted by law, holders of our ADSs waive the right to a jury trial of any claim they may have against us or the depositary arising out of or relating to the ADSs or the Deposit Agreement, including any claim under U.S. federal securities laws. However, you will not be deemed, by agreeing to the terms of the Deposit Agreement, to have waived our or the depositary's compliance with U.S. federal securities laws and the rules and regulations promulgated thereunder. In fact, you cannot waive our or the depositary's compliance with U.S. federal securities laws and the rules and regulations promulgated thereunder.

If we or the depositary oppose a jury trial demand based on the above-mentioned jury trial waiver, the court will determine whether the waiver is enforceable in the facts and circumstances of that case in accordance with applicable case law. The Deposit Agreement governing our ADSs provides that, (i) the Deposit Agreement and the ADSs will be interpreted in accordance with the laws of the State of New York, and (ii) as an owner of ADSs, you irrevocably agree that any legal action arising out of the Deposit Agreement and the ADSs involving us or the depositary may only be instituted in a state or federal court in the city of New York. While to our knowledge, the enforceability of a jury trial waiver under the federal securities laws has not been finally adjudicated by a federal court, we believe that a jury trial waiver provision is generally enforceable under the laws of the State of New York by a federal or state court in the City of New York. In determining whether to enforce a jury trial waiver provision, New York courts will consider whether the visibility of the jury trial waiver provision within the agreement is sufficiently prominent such that a party has knowingly waived any right to trial by jury. We believe that this is the case with respect to the Deposit Agreement and the ADSs. In addition, New York courts will not enforce a jury trial waiver provision in order to bar a viable setoff or counterclaim sounding in fraud or one which is based upon a creditor's negligence in failing to liquidate collateral upon a guarantor's demand, or in the case of an intentional tort claim, none of which we believe are applicable in the case of the Deposit Agreement or the ADSs. If you or any other holder or beneficial owner of ADSs brings a claim against us or the depositary in connection with matters arising under the Deposit Agreement or the ADSs, including claims under federal securities laws, you or such other holder or beneficial owner may not be entitled to a jury trial with respect to such claims, which may have the effect of limiting and discouraging lawsuits against us and / or the depositary. If a lawsuit is brought against us and / or the depositary under the Deposit Agreement, it may be heard only by a judge or justice of the applicable trial court, which would be conducted according to different civil procedures and may result in different outcomes than a trial by jury would have had, including results that could be less favorable to the plaintiff(s) in any such action, depending on, among other things, the nature of the claims, the judge or justice hearing such claims and the venue of the hearing.

Moreover, as the jury trial waiver relates to claims arising out of or relating to the ADSs or the Deposit Agreement, we believe that, as a matter of construction of the clause, the waiver would likely to continue to apply to ADS holders who withdraw the Class A ordinary shares from the ADS facility with respect to claims arising before the cancellation of the ADSs and the withdrawal of the Class A ordinary shares, and the waiver would most likely not apply to ADS holders who subsequently withdraw the Class A ordinary shares represented by ADSs from the ADS facility with respect to claims arising after the withdrawal. However, to our knowledge, there has been no case law on the applicability of the jury trial waiver to ADS holders who withdraw the Class A ordinary shares represented by the ADSs from the ADS facility.

You may face difficulties in protecting your interests, and your ability to protect your rights through U.S. courts or Hong Kong courts may be limited, because we are incorporated under Cayman Islands law.

We are an exempted company limited by shares incorporated under the laws of the Cayman Islands. Our corporate affairs are governed by our memorandum and articles of association, Cayman Companies Act and the common law of the Cayman Islands.

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

Shareholders of Cayman Islands exempted companies like us have no general rights under Cayman Islands law to inspect corporate records or to obtain copies of lists of shareholders of these companies, whilst under our current memorandum and articles of association, holders of our ordinary shares will have a right to inspect or obtain copies of our list of shareholders and annual audit report of our profit and loss account and balance sheet. This may make it more difficult for you to obtain the information needed to establish any facts necessary for a shareholder resolution or to solicit proxies from other shareholders in connection with a proxy contest.

As a result of all of the above, our public shareholders may have more difficulty in protecting their interests in the face of actions taken by management, members of the board of directors or controlling shareholders than they would as public shareholders of a company incorporated in the U.S. or Hong Kong.

We are a foreign private issuer within the meaning of the rules under the Exchange Act, and as such we are exempt from certain provisions applicable to U.S. domestic public companies.

Because we qualify as a foreign private issuer under the Exchange Act, we are exempt from certain provisions of the securities rules and regulations in the U.S. that are applicable to U.S. domestic issuers, including: (i) the rules under the Exchange Act requiring the filing with the SEC of quarterly reports on Form 10-Q, quarterly certifications by the principal executive and financial officers or current reports on Form 8-K; (ii) the sections of the Exchange Act regulating the solicitation of proxies, consents, or authorizations in respect of a security registered under the Exchange Act; (iii) the sections of the Exchange Act requiring insiders to file public reports of their stock ownership and trading activities and liability for insiders who profit from trades made in a short period of time; and (iv) the selective disclosure rules by issuers of material nonpublic information under Regulation FD.

We are required to file an annual report on Form 20-F within four months of the end of each fiscal year. In addition, we intend to publish our results on a quarterly basis as press releases, distributed pursuant to the rules and regulations of the NYSE. Press releases relating to financial results and material events will also be furnished to the SEC on Form 6-K. However, the information we are required to file with or furnish to the SEC will be less extensive and less timely compared to that required to be filed with the SEC by U.S. domestic issuers. For example, U.S. domestic issuers are required to file annual reports within 60 to 90 days from the end of each fiscal year. As a result, you may not be afforded the same protections or information that would be made available to you were you investing in a U.S. domestic issuer.

We are a "controlled company" as defined under the NYSE Listed Company Manual. As a result, we qualify for, and may rely on, exemptions from certain corporate governance requirements that would otherwise provide protection to shareholders of other companies.

We are a "controlled company" as defined under the NYSE Listed Company Manual because Mr. Xiaopeng He, our co-founder, chairman and chief executive officer, holds more than 50% of the aggregate voting power of our company. For so long as we remain a controlled company, we may rely on exemptions from certain corporate governance rules, including (i) the requirement that a majority of the board of directors consist of independent directors, (ii) the requirement that the compensation of our officers be determined or recommended to our board of directors by a compensation committee that is comprised solely of independent directors, and (iii) the requirement that director nominees be selected or recommended to the board of directors by a majority of independent directors or a nominating committee comprised solely of independent directors. Currently, we do not plan to utilize the exemptions available for controlled companies, but will rely on the exemption available for foreign private issuers to follow our home country governance practices instead. See "—We are a foreign private issuer within the meaning of the rules under the Exchange Act, and as such we are exempt from certain provisions applicable to U.S. domestic public companies." If we cease to be a foreign private issuer or if we cannot rely on the home country governance practice exemption for any reason, we may decide to invoke the exemptions available for a controlled company as long as we remain a controlled company. As a result, you will not have the same protection afforded to shareholders of companies that are subject to all the NYSE corporate governance requirements.

If we are a passive foreign investment company for United States federal income tax purposes for any taxable year, United States holders of our ADSs or Class A ordinary shares could be subject to adverse United States federal income tax consequences.

A non-United States corporation will be a passive foreign investment company, or PFIC, for United States federal income tax purposes for any taxable year if either (i) at least 75% of its gross income for such year is passive income or (ii) at least 50% of the value of its assets (generally determined based on an average of the quarterly values of the assets) during such year is attributable to assets that produce or are held for the production of passive income. A separate determination must be made after the close of each taxable year as to whether a non-United States corporation is a PFIC for that year.

Based on the composition of our income and assets and the value of our assets, including goodwill (which we have determined based on the trading price of our ADSs and Class A ordinary shares), we do not believe we were a PFIC for the year ended December 31, 2024, although there can be no assurance in this regard.

It is possible, however, that we may become a PFIC in the current or any future taxable year due to changes in our income or asset composition or changes in the value of our assets. In this regard, the value of our assets may be determined by reference to the trading price of our ADSs and Class A ordinary shares, and fluctuations in the trading price of our ADSs and Class A ordinary shares may affect our PFIC status.

In addition, there is uncertainty as to the treatment of our corporate structure and ownership of the Group VIEs for United States federal income tax purposes. For United States federal income tax purposes, we consider ourselves to own the equity of the Group VIEs. If it is determined, contrary to our view, that we do not own the equity of the Group VIEs for United States federal income tax purposes (for instance, because the relevant PRC authorities do not respect these arrangements), we are more likely to be treated as a PFIC.

If we are a PFIC for any taxable year during which a United States person holds ADSs or Class A ordinary shares, certain adverse United States federal income tax consequences could apply to such United States person. For example, if we are a PFIC, our United States investors may become subject to increased tax liabilities under United States federal income tax laws and regulations and will become subject to burdensome reporting requirements. See "Item 10. Additional Information—E. Taxation—Certain United States Federal Income Tax Considerations—Passive Foreign Investment Company."

As a foreign private issuer, we are permitted to adopt certain home country practices in relation to corporate governance matters that differ significantly from the NYSE corporate governance listing standards; these practices may afford less protection to shareholders than they would enjoy if we complied fully with the NYSE corporate governance listing standards.

We are an exempted company incorporated in the Cayman Islands, and our ADSs are listed on the NYSE. The NYSE market rules permit a foreign private issuer like us to follow the corporate governance practices of its home country. Certain corporate governance practices in the Cayman Islands, which is our home country, differ significantly from the NYSE corporate governance listing standards.

Among other things, we are not required under the NYSE corporate governance listing standards to: (i) have a majority of the board be independent; (ii) have a compensation committee or a nominating and corporate governance committee consisting entirely of independent directors; (iii) have a minimum of three members on the audit committee; (iv) obtain shareholders' approval for issuance of securities in certain situations; or (v) have regularly scheduled executive sessions with only independent directors each year.

We intend to rely on the first four exemptions described above unless otherwise required under the applicable laws and regulations in Hong Kong (including the Hong Kong Listing Rules) or disclosed in this annual report. As a result, you may not be provided with the benefits of certain corporate governance requirements of the NYSE.

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

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

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

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

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

There is no direct trading or settlement between the NYSE and the Hong Kong Stock Exchange on which our ADSs and our Class A ordinary shares are respectively traded. In addition, the time differences between Hong Kong and New York, unforeseen market circumstances or other factors may delay the deposit of Class A ordinary shares in exchange of ADSs or the withdrawal of Class A ordinary shares underlying the ADSs. Investors will be prevented from settling or effecting the sale of their securities during such periods of delay. In addition, there is no assurance that any exchange of Class A ordinary shares into ADSs (and vice versa) will be completed in accordance with the timelines that investors may anticipate.

Furthermore, the depositary for the ADSs is entitled to charge holders fees for various services including, among others, for the issuance of ADSs upon deposit of Class A ordinary shares, cancelation of ADSs, distributions of cash dividends or other cash distributions, distributions of ADSs pursuant to share dividends or other free share distributions and distributions of securities other than ADSs. As a result, shareholders who exchange Class A ordinary shares into ADSs, and vice versa, may not achieve the level of economic return the shareholders may anticipate.

There is uncertainty as to whether Hong Kong stamp duty will apply to the trading or conversion of our ADSs.

We have established a branch register of members in Hong Kong, or the Hong Kong share register. Our Class A ordinary shares that are traded on the Hong Kong Stock Exchange, including those that may be converted from ADSs, will be registered on the Hong Kong share register, and the trading of these shares on the Hong Kong Stock Exchange will be subject to the Hong Kong stamp duty. To facilitate ADS-ordinary share conversion and trading between the NYSE and the Hong Kong Stock Exchange, we also have moved a portion of our issued Class A ordinary shares from our register of members maintained in the Cayman Islands to our Hong Kong share register.

Under the Hong Kong Stamp Duty Ordinance, any person who effects any sale or purchase of Hong Kong stock, defined as stock the transfer of which is required to be registered in Hong Kong, is required to pay Hong Kong stamp duty. According to the Stamp Duty (Amendment) (Stock Transfers) Bill 2023, which became effective on November 17, 2023, the stamp duty rate on transfer of any Hong Kong stock would be reduced from 0.13% to 0.1% of the consideration or the market value (whichever is the higher) of the stock transferred, payable by each of the buyer and seller.

To the best of our knowledge, Hong Kong stamp duty has not been levied in practice on the trading or conversion of ADSs of companies that are listed in both the United States and Hong Kong and that have maintained all or a portion of their common shares, including common shares underlying ADSs, in their Hong Kong share registers. However, it is unclear whether, as a matter of Hong Kong law, the trading or conversion of ADSs of these dual-listed companies constitutes a sale or purchase of the underlying Hong Kong-registered common shares that is subject to Hong Kong stamp duty. We advise investors to consult their own tax advisors on this matter. If Hong Kong stamp duty is determined by the competent authority to apply to the trading or conversion of our ADSs, the trading price and the value of your investment in our Class A ordinary shares and/or ADSs may be affected.

Our investors may experience further dilution if we issue additional ADSs and/or Class A ordinary shares in the future.

We may consider offering and issuing additional shares or equity-related securities in the future to raise additional funds, finance acquisitions or for other purposes. Purchasers of our Class A ordinary shares may experience further dilution in terms of the net tangible asset value per share if we issue additional shares in the future at a price that is lower than the net tangible asset value per share. On July 26, 2023, we entered into the VW Share Purchase Agreement for strategic minority investment by the Volkswagen Group in us, pursuant to which, on December 6, 2023, we issued an aggregate of 94,079,255 Class A ordinary shares to Volkswagen Nominee for approximately US$705.6 million. On August 27, 2023, we and DiDi entered into the DiDi Share Purchase Agreement to acquire DiDi's smart auto development business, pursuant to which on November 13, 2023, upon the initial closing of the DiDi Share Purchase Agreement, we issued 58,164,217 Class A ordinary shares to DiDi, and on August 13, 2024, upon the start-of-production (SOP) closing of the DiDi Share Purchase Agreement, we issued 4,636,447 Class A ordinary shares to DiDi. We may issue additional Class A ordinary shares to DiDi under the DiDi Share Purchase Agreement upon satisfaction of certain milestones under the DiDi Share Purchase Agreement.

You should read the entire document carefully, and we strongly caution you not to place any reliance on any information contained in press articles or other media regarding ourselves.

Prior to the publication of this annual report, there may be press and media coverage regarding us, which contained, among other things, certain financial information, projections, valuations and other forward-looking information about us. We have not authorized the disclosure of any such information in the press or media and do not accept responsibility for the accuracy or completeness of such press articles or other media coverage. We make no representation as to the appropriateness, accuracy, completeness or reliability of any of the projections, valuations or other forward-looking information about us. To the extent such statements are inconsistent with, or conflict with, the information contained in this annual report, we disclaim responsibility for them. Accordingly, prospective investors are cautioned to make their investment decisions on the basis of the information contained in this annual report and any documents incorporated by reference herein only, and should not rely on any other information.

ITEM 4. INFORMATION ON THE COMPANY

A. History and Development of the Company

The Group began its operations in 2015 through Chengxing Zhidong, a PRC limited liability company. The Group undertook a reorganization, or the Reorganization, to facilitate its initial public offering in the United States. As part of the Reorganization, the Group incorporated XPeng Inc., an exempted company incorporated under the laws of Cayman Islands, in December 2018. Subsequently, XPeng Inc. established XPeng Limited, a limited liability company established in the British Virgin Islands. XPeng Limited then established XPeng (Hong Kong) Limited, a Hong Kong limited liability company, as its wholly-owned subsidiary. XPeng (Hong Kong) Limited then established Xiaopeng Motors as a wholly foreign-owned enterprise in the PRC.

As a transitional arrangement of the Reorganization, Xiaopeng Motors entered into a series of contractual agreements with Chengxing Zhidong and its shareholders in September 2019, pursuant to which Xiaopeng Motors exercised effective control over the operations of Chengxing Zhidong. In connection with the Reorganization, substantially all of the former shareholders of Chengxing Zhidong have exited from Chengxing Zhidong and obtained, by themselves or through their respective affiliates, shares of XPeng Inc. based on their respective shareholding in Chengxing Zhidong prior to the Reorganization. In May 2020, Xiaopeng Motors completed its purchase of 100% equity interest in Chengxing Zhidong. Consequently, Chengxing Zhidong became an indirect wholly-owned subsidiary of XPeng Inc.

In August 2020, we listed our ADSs on the NYSE under the symbol "XPEV." In July 2021, we listed our Class A ordinary shares on the Hong Kong Stock Exchange under the stock code "9868."

In July 2023, we and the Volkswagen Group entered into the VW Technical Framework Agreement on strategic technical collaboration and the VW Share Purchase Agreement for strategic minority investment by the Volkswagen Group in us.

Our principal executive offices are located at No. 8 Songgang Road, Changxing Street, Cencun, Tianhe District, Guangzhou, Guangdong 510640, People's Republic of China. Our telephone number at this address is +86-20-6680-6680. Our registered office in the Cayman Islands is located at the offices of Harneys Fiduciary (Cayman) Limited, 4th Floor, Harbour Place, 103 South Church Street, P.O. Box 10240, Grand Cayman KY1-1002, Cayman Islands. Our agent for service of process in the United States in connection with our registration statements is Cogency Global Inc., located at 122 East 42nd Street, 18th Floor, New York, N.Y. 10168. We maintain our website at https://www.xpeng.com/. The information contained on, or linked from, our website is not a part of this annual report.

The SEC maintains a web site at www.sec.gov that contains reports, proxy and information statements, and other information regarding issuers that file electronically with the SEC using its EDGAR system.

B. Business Overview

Overview

We are a leading Chinese Smart EV company that designs, develops, manufactures, and markets Smart EVs that primarily appeal to the large and growing base of middle-class consumers in China. Since inception, we have taken an innovative technology path to our envisioned future of mobility. We intend to empower consumers with our differentiated Smart EVs that can offer disruptive mobility experiences. We believe this can be achieved by fast iteration of software and seamless integration with hardware, which enable us to lead the innovation of Smart EV technologies and provide differentiated Smart EV products to consumers.

Since our inception in 2015, we have become one of the leading Smart EV companies in China, with leading software and hardware technology at our core and bringing innovation in advanced driver assistance, smart connectivity and core vehicle systems. We develop full stack advanced driver assistance systems, or ADAS, software in house and have deployed such software on mass-produced vehicles. We started to roll out our XNGP in March 2023 and have made XNGP available in cities without HD map coverage since November 2023. As a result, its geographical coverage has expanded swiftly in China.

Our Smart EVs appeal to the large growing base of middle-class consumers in China. We primarily target the mid- to high-end segment in China's passenger vehicle market, with prices ranging from RMB120,000 to RMB420,000. Consumers choose our products primarily because of attractive design, industry-leading electrification and smart technologies, interactive smart mobility experience and long driving range.

We are building a rapidly expanding, diversified portfolio of attractive Smart EV models to capture the growing demand for Smart EVs and appeal to the differentiated needs of a broad customer base.

- In December 2018, we started delivery of the G3, which is our first Smart EV and a compact SUV.
- In May 2020, we started delivery of the P7, which is our second Smart EV and a sports sedan.
- In March 2021, we started delivery of the P7 Wing, which is a limited edition designed to accentuate the sporty and dynamic styling of the sports sedan with scissor-style front doors that are traditionally only available in luxury sports vehicles.
- In March 2021, we introduced newer versions of the G3 and the P7 that are equipped with lithium iron phosphate battery to provide our customers with a wider variety of options.
- In April 2021, we unveiled the P5, which is our third Smart EV and a family sedan, and started delivery in September 2021.
- In July 2021, we introduced the G3i, which is the mid-cycle facelift version of the G3, and started delivery in August 2021.
- In September 2022, we launched the G9, which is our fourth Smart EV and a mid- to large-sized SUV, and started mass delivery in October 2022.
- In March 2023, we upgraded the P7 to P7i, and started delivery during the same month.

- In June 2023, we launched the G6, which is our fifth Smart EV, and started delivery to customers in July 2023.
- In January 2024, we launched the X9, which is our sixth Smart EV, and started delivery during the same month.
- In March 2024, we introduced a new version of P7i, being the first time we brought scissor-style front doors to two-wheel drive models, and started delivery during the same month.
- In August 2024, we launched the MONA M03, which is the first Smart EV of the MONA series and our seventh Smart EV, and started delivery of MONA M03 during the same month.
- In September 2024, we introduced a new version of the X9.
- In November 2024, we launched the P7+, which is our seventh Smart EV of XPENG series and our eighth Smart EV, and started delivery during the same month.
- In March 2025, we upgraded the G6 and the G9 to their respective 2025 Edition and started delivery during the same month.
- In April 2025, we upgraded the X9 to its latest 2025 Edition.

We currently offer the following models:

- G9 (mid- to large-sized SUV), with a wheelbase of 2,998 mm and CLTC range between 625 km and 725 km.
- P7i (sports sedan), with a wheelbase of 2,998 mm and CLTC range of 702 km.
- G6 (coupe SUV), with a wheelbase of 2,890 mm and CLTC range between 625 km and 725 km.
- X9 (seven-seater MPV), with a wheelbase of 3,160 mm and CLTC range between 650 km and 740 km.
- MONA M03 (sedan), with a wheelbase of 2,815 mm and CLTC range between 515 km and 620 km.
- P7+ (family sedan), with a wheelbase of 3,000 mm and an upgraded CLTC range between 615 km to 725 km enabled through OTA firmware updates.

Our ADAS and in-car intelligent operating system enable customers to enjoy a differentiated smart mobility experience, and our Smart EVs can be upgraded through OTA firmware updates to introduce enhancements and new functionalities. Continuous innovation in software is one of the key factors that differentiate our Smart EVs and has become a critical value proposition appealing to customers.

We seek to expand our customer reach by extending our online and physical sales and service network. We had a total of 690 stores, covering 226 cities in China as of December 31, 2024. These stores in our sales network include both stores directly operated by us and franchised stores. In addition, we also have entered 30 overseas markets, establishing 150 stores in overseas countries or regions, owned by importers, dealer groups, or XPENG. In addition, we actively engage in online marketing through various channels to further enhance our brand recognition and customer acquisition.

We aim to offer our customers a convenient charging and driving experience by providing them with access to a vast, rapidly-growing charging network. Our customers can choose to charge their Smart EVs using home chargers, at XPENG self-operated charging station network or at third-party charging stations. In addition, we started to launch the 480kW S4 supercharging stations in China in 2022. As of December 31, 2024, XPENG self-operated charging station network further expanded to 1,920 stations, including 1,506 XPENG self-operated supercharging stations and 414 destination charging stations. Our S4 and S5 supercharging stations have covered 165 cities in China, including all of the tier-1 and the new tier-1 cities .

Our manufacturing philosophy centers on quality, continuous improvement, flexibility and high operating efficiency. We currently manufacture our vehicles at our own Zhaoqing and Guangzhou plants. In addition, the construction of our new manufacturing base in Wuhan has been completed, which is currently awaiting the inspection and acceptance procedures conducted by relevant government authorities**.**

Our total revenues grew rapidly from RMB26,855.1 million in 2022 to RMB30,676.1 million in 2023, and further to RMB40,866.3 million in 2024. Our Smart EV deliveries increased from 120,757 units in 2022 to 141,601 units in 2023, and further to 190,068 units in 2024, representing a year-on-year growth rate of 34.2% between 2023 and 2024. Along with strong revenue growth, our gross profit margin decreased from 11.5% in 2022 to 1.5% in 2023, and increased to 14.3% in 2024.

Products

Our products include Smart EVs and advanced ADAS software system. We design, develop, manufacture and market Smart EVs, and we develop full-stack ADAS software system in-house. We design our Smart EVs to satisfy the needs and preferences of middle-class consumers in China. Primarily priced in the mid- to high-end segment, our Smart EVs offer customers a great-to-drive and great-to-be-driven experience, as well as compelling value proposition.

P7 and P7i

Our second mass-produced Smart EV, the P7, is a four-door sports sedan. We started the production of the P7 and began delivery in May 2020. In November 2020, we unveiled the P7 Wing, a limited edition designed to maximize the sporty and dynamic style of the sports sedan with a pair of specifically-designed scissor-style front doors, which are traditionally only available in luxury sports vehicles. We started the delivery of the P7 Wing in March 2021. In March 2023, we upgraded the P7 to P7i, and started the delivery during the same month. In March 2024, we introduced a new version of P7i, being the first time we brought scissor-style front doors to two-wheel drive models, and started delivery during the same month.

G9

In September 2022, we launched the G9, which is our fourth Smart EV and a mid- to large-sized SUV, and started mass delivery in October 2022.

Featuring our powertrain system using 800V high-voltage Silicon Carbide (SiC) platform, the G9 demonstrates greater energy consumption efficiency and charging efficiency compared to other EVs built on a 400V platform.

In September 2023 and March 2025, we upgraded the G9 to its 2024 Edition and 2025 Edition, respectively.

G6

In June 2023, we launched the G6, which is our fifth Smart EV and a coupe SUV, and started delivery to customers in July 2023.

Based on our next-generation technology architecture, SEPA 2.0, the G6 is equipped with our powertrain system using 800V high-voltage SiC platform and features cutting-edge front and rear integrated aluminum body die-casting technology and Cell Integrated Body (CIB) battery-body integration technology.

In March 2025, we upgraded the G6 to 2025 Edition.

X9

In January 2024, we launched the X9, which is our sixth Smart EV and a large seven-seater MPV, and started delivery during the same month.

Based on our next-generation technology architecture, SEPA 2.0, the X9 is equipped with our powertrain system using 800V high-voltage SiC platform and features cutting-edge front and rear integrated aluminum body die-casting technology and CIB battery-body integration technology. The X9 is equipped with an active rear-wheel steering system and intelligent dual-chamber air suspension, providing customers with an enhanced driving experience. Also, the X9 features our smart in-car operating system, XOS Tianji.

In September 2024, we introduced a new version of the X9. In April 2025, we upgraded the X9 to the 2025 Edition.

MONA M03

In August 2024, we launched the first model of the MONA series, MONA M03. Deliveries of MONA M03 started in August 2024. MONA M03, an all-electric hatchback coupe, has a wheelbase of 2,815mm and CLTC range between 515 km to 620 km. MONA M03 demonstrated leading wind resistance among mass-produced pure electric hatchbacks.

P7+

In November 2024, we launched the P7+, which is the seventh Smart EV of our XPeng series, and started delivery during the same month. With a 5,056 mm body length and a 3,000 mm wheelbase, the P7+ allows rear passengers ample headroom and enough room for both rows to stretch out. Equipped with our in-house the Hawkeye Visual Solution, P7+ features built-in advanced ADAS across the entire lineup.

Plans to Launch New Models

We plan to continuously introduce new models and facelifts to expand our product portfolio and customer base. We have invested in multiple powerful EV vehicle platforms over the past few years. Our future models will be based on these platforms and our latest technology architecture adaptable and flexible with multiple vehicle platforms.

Smart EV Deliveries

The following table sets forth the number of our vehicles delivered to customers in the periods indicated:

	For the three months ended											
	March 31, 2022	June 30, 2022	September 30, 2022	December 31, 2022	March 31, 2023	June 30, 2023	September 30, 2023	December 31, 2023	March 31, 2024	June 30, 2024	September 30, 2024	December 31, 2024
Total	34,561	34,422	29,570	22,204	18,230	23,205	40,008	60,158	21,821	30,207	46,533	91,507

Our Technologies

We develop most of our key technologies in-house to achieve a rapid pace of innovation and tailor our product offerings for consumers. By developing our proprietary software and hardware technologies, we are able to retain better control over the performance and experience of our Smart EVs and have the flexibility to continuously upgrade them.

Our ADAS

We have dedicated significant research and development efforts in ADAS technology, which we believe is a key element for the Smart EV experience. Our research and development capabilities enable us to continuously improve our ADAS and achieve fast system iterations.

In 2021, we rolled out NGP for highway driving and advanced automated parking, or the Valet Parking Assist, as part of our proprietary XPILOT 3.0, through OTA firmware updates. In 2022, we revealed XNGP, which was intended to enable driver assistance in the full spectrum of driving scenarios. When XNGP is activated with a set destination, the vehicle itself can perform a wide range of driving tasks such as cruising, changing lanes, getting around stationary vehicles or obstacles, and navigate through intersections. We started to rollout our XNGP in March 2023, and have made XNGP available in cities without HD map coverage since November 2023. As a result, its geographic coverage has expanded swiftly in China.

In May 2024, we introduced end-to-end model to smart driving, and in July, we upgraded our ADAS to achieve nationwide full-scale availability with no restrictions on cities, routes, or road conditions. In August 2024, we revealed our Hawkeye Visual Solution and made the P7+ launched in November 2024 our first vehicle model equipped with Hawkeye Visual Solution, while our OTA updates in January 2025 empowered other eligible models with the updated ADAS.

XOS Tianji

XOS Tianji is our next-generation smart in-car operating system, which offers a comprehensive suite of smart in-car functionality that aims to integrate our smart driving capabilities with next-generation smart cabin scenarios and advance the human-machine co-driving experience. It features multi-tasking on a single screen, a customizable XDock, real-time Surrounding Reality (SR) display, all-round safety warnings, and smart voice assistant. We expect XOS Tianji to serve as a sophisticated in-car companion and automotive expert for our consumers' daily use. In January 2024, we launched the X9, our first model equipped with XOS Tianji.

On May 20, 2024, we introduced an all-domain large language model for smart cockpits. In July 2024, we announced a full scale rollout of the updated in-car OS, to all eligible models globally which adds features such as remote voice control, gesture control, and versatile NFC touch control. In January 2025, we introduced several new features including a personalized operating system that supports multi-language voice controls such as English, French, and Thai.

Powertrain

Powertrain plays a critical role in our ability to deliver safe and high-performance EVs at competitive prices. Our Smart EV's powertrain consists of the battery system, electric drive system, high voltage system and vehicle control unit, or VCU. Leveraging our superior in-house research and development capabilities, we are able to differentiate our Smart EVs in key powertrain features, such as charging efficiency, battery safety, range, noise, drivability and digitization. The powertrain's ECUs are amenable to OTA firmware updates, which enable us to improve the powertrain's functions and customer experience after delivery.

Our Smart EVs' battery system utilizes high-energy density battery cells. We utilize lithium nickel manganese cobalt oxide, or NCM, cells and LFP cells for our batteries. Through our research and development efforts, we seek to enhance the energy density of the battery pack and reduce its cost, while also maintaining its safety, reliability and longevity.

We rolled out our powertrain system using 800V high-voltage SiC platform on the debut of the G9 in September 2022. As a result, the G9 demonstrated greater energy consumption efficiency and charging efficiency compared to other EVs built on a 400V platform.

SEPA 2.0

In April 2023, we unveiled our next-generation technology architecture SEPA 2.0 (Smart Electric Platform Architecture). SEPA 2.0 brought a series of more advanced architectural solutions, from our in-house development autonomous driving software to vehicle engineering. SEPA 2.0 is expected to accelerate our R&D cycle and optimize R&D efficiency and enable us to meet the diverse customer needs at optimized costs.

SEPA 2.0 is adaptable and flexible with multiple vehicle platforms for wheelbases between 1,800 mm and 3,200 mm and scalable to support a variety of vehicle types. SEPA 2.0 integrates various features, including smart technology, powertrain, and advanced manufacturing (front and rear integrated aluminum body die-casting technology, Cell Integrated Body (CIB) technology).

We started delivery of the G6, our first new production model built on SEPA 2.0 in July 2023.

Sales and Marketing

We seek to cost-efficiently expand our customer reach and grow sales. We had a total of 690 stores, covering 226 cities in China as of December 31, 2024. These stores in our sales network include both stores directly operated by us and franchised stores. In addition, we also have entered 30 overseas markets, establishing 150 stores in overseas countries or regions, owned by importers, dealer groups, or XPENG.

While currently we primarily sell products and services in China's market, we also made positive progress in overseas markets. In December 2020, the first batch of the European version of the G3 was delivered to customers in Norway. In August 2021, we started the deliveries of the P7 to the European market. In 2022, we opened stores in the Netherlands, Sweden, Denmark and Norway. In February 2023, we launched the G9 mid- to large-sized SUV and the new P7 sports sedan for Europe and opened Delivery and Service Center in Norway. In the second quarter of 2023, we opened our Delivery and Service Centers consecutively in the Netherlands, Sweden, and Denmark.

In 2024, we made significant progress in terms of our overseas expansion. Our footprint currently extended across multiple continents, including multiple countries or regions in Europe, Asia and other continents.

Comprehensive Services

We offer our customers a comprehensive suite of charging solutions and after-sales services, as well as various value-added services. These services offer our customers a convenient experience and enable full lifecycle engagement with our customers, which in turn improves their loyalty.

Charging Solutions

We aim to offer our customers a convenient charging experience by giving them access to a wide and expanding charging network in a cost-efficient manner. Our customers can choose to charge their EVs by home chargers, XPENG self-operated charging station network, or third-party charging stations. We will continue to expand the XPENG self-operated charging station network coverage, to provide greater accessibility and enhanced charging experience to our customers.

In September 2022, we launched seven 480kW S4 supercharging stations in five cities in China. Our S4 and S5 supercharging stations significantly shortened the charging time for our customers with the G9, the G6, the X9, and the P7+ which are equipped with 800V high-voltage platform. Moreover, the 2025 Editions of the G6 and the G9, both launched in March 2025, have been equipped with the 5C ultra-charging intelligent battery, which further reduces the charging time and enhances the overall safety performance. As of December 31, 2024, XPENG self-operated charging station network further expanded to 1,920 stations, including 1,506 XPENG self-operated supercharging stations and 414 destination charging stations. Our S4 and S5 supercharging stations have covered 165 cities in China, including all of the tier-1 and the new tier-1 cities.

On January 5, 2025, we and the Volkswagen Group China announced a Memorandum of Understanding (MOU) to jointly build charging networks in China. Over 20,000 charging piles operated by both parties across 420 cities in China will be accessible to customers of both us and Volkswagen Group China. Both parties will also jointly explore the cooperation on co-branded super-fast charging stations, accelerating the expansion of charging networks and enhancing the charging experience for customers. Furthermore, on January 14, 2025, we and BP Pulse announced the signing of a Memorandum of Understanding (MOU) to establish a strategic partnership. This collaboration enables reciprocal access to our respective charging networks and aims to offer customers access to over 30,000 charging piles across 420 cities in China. We are one of the EV companies that have established self-operated charging networks in China, and we will continue to expand the network of our charging stations through XPENG self-operated charging stations and strategic partnerships to better serve our customers.

After-Sales Services and Warranty

We provide efficient after-sales services both offline and online. Offline services are available at our service centers and cover repairs and maintenance for our Smart EVs. We also provide online after-sales services, which are enabled by our cloud capabilities and high-speed connectivity of our Smart EVs. Our system is able to monitor vehicle performance status in real time, remotely diagnose certain vehicle malfunctions and potential issues and recommend solutions to prevent problems. Certain software-related issues can be resolved remotely through OTA updates. In addition, we have developed an intelligent remote diagnosis system, which detects potential system error before it occurs to ensure vehicle safety. We also offer competitive warranty terms for our Smart EVs.

Other Services

We also offer the following services.

- Insurance Technology Support. We provide technology support to our customers who purchased our Smart EVs so they may readily obtain automotive insurance from insurance companies. To offer a convenient experience, we leverage some intelligent functions with patented technology to help customers to quickly make insurance claims. In April 2023, GIIA, a Group VIE as an insurance intermediary with qualifications for nationwide sale of insurance products, collection of insurance premiums, investigation and settlement of losses on an agency basis, started operating and entered into cooperation agreements with certain mainstream insurance companies. We also announced strategic cooperation relationships with leading insurance companies to explore insurance products and services in relation to ADAS.
- Automotive loan referral and auto financing. We cooperate with financial institutions and connect them with customers who seek automotive financing solutions. To complement services of these financial institutions, we also offer auto financing to our customers through a wholly-owned subsidiary. Such auto financing program is treated as an installment payment program for accounting purposes and the Group records the relevant installment payment receivables on its balance sheets.

Strategic Transactions

On July 26, 2023, we and the Volkswagen Group entered into the VW Technical Framework Agreement on strategic technical collaboration and the VW Share Purchase Agreement for strategic minority investment by the Volkswagen Group in us. Pursuant to the VW Technical Framework Agreement, we and the Volkswagen Group will cooperate on joint development of the two B-class battery electric vehicles models for sale in the Chinese market under Volkswagen brand, leveraging respective core competencies and our G9 platform and connectivity and ADAS software. Pursuant to the VW Share Purchase Agreement, on December 6, 2023, we completed the issuance of an aggregate of 94,079,255 Class A ordinary shares to Volkswagen Nominee for approximately US$705.6 million. Furthermore, on February 29, 2024, we and the Volkswagen Group announced to have entered into a Master Agreement on Platform and Software Strategic Technical Collaboration (the "Master Agreement on Strategic Technical Collaboration"), to jointly develop two B-class battery electric vehicles. As part of the Master Agreement, we and the Volkswagen Group have also entered into a joint sourcing program for the common parts of vehicles and platform that used by both parties. On April 17, 2024, we and the Volkswagen Group have entered into a framework agreement on technical collaboration with respect to Electrical/Electronic architecture. Under the E/E Architecture technical collaboration, we and the Volkswagen Group, will jointly develop and integrate our latest generation of E/E Architecture to Volkswagen's China Main Platform (CMP) in China. The jointly developed E/E Architecture is expected to equip Volkswagen brand electric vehicles produced in China from 2026. On July 22, 2024, we and the Volkswagen Group announced to have entered into a Master Agreement on E/E Collaboration to jointly develop E/E Architecture for all locally produced vehicles based on Volkswagen's China Main Platform (CMP) and Modular Electric Drive Matrix (MEB) platform. On January 5, 2025, we and the Volkswagen Group China announced a Memorandum of Understanding (MOU) to jointly build charging networks in China. Over 20,000 charging piles operated by both parties across 420 cities in China will be accessible to customers of both us and Volkswagen Group China. Both parties will also jointly explore the cooperation on co-branded super-fast charging stations, accelerating the expansion of charging networks and enhancing the charging experience for customers.

On August 27, 2023, we entered into a share purchase agreement with DiDi and Da Vinci Auto Co. Limited, a wholly-owned subsidiary of DiDi, to acquire, in consideration for the Company's newly issued Class A ordinary shares, the entire issued share capital of Xiaoju Smart Auto Co. Limited, which, together with its subsidiaries, is contemplated to be able to operate the smart auto development business previously conducted by DiDi. We and DiDi simultaneously entered into the DiDi Strategic Cooperation Agreement to embark on cooperation in various areas, including the research and development of the new Smart EV model, operation of the Company's Smart EV models on DiDi's ride sharing platform, marketing, financial and insurance services, charging, Robotaxi and the joint development of international market. On November 13, 2023, upon the initial closing of the DiDi Share Purchase Agreement, we issued 58,164,217 Class A ordinary shares to DiDi, and DiDi's smart auto development business became wholly owned by us and its financial results have been consolidated into our consolidated financial statements. On August 13, 2024, upon the SOP closing of the DiDi Share Purchase Agreement, we issued 4,636,447 Class A ordinary shares to DiDi, and started to deliver Mona M03 in the same month. We may issue additional Class A ordinary shares to DiDi under the DiDi Share Purchase Agreement upon satisfaction of certain milestones under such agreement.

Manufacturing

Our manufacturing philosophy centers on quality, continuous improvement, flexibility and high operating efficiency. We take a lean production approach, with the aim of continuous optimization in operating efficiency and product quality. We currently manufacture our vehicles at our own Zhaoqing and Guangzhou plants. In addition, the construction of our new manufacturing base in Wuhan has been completed, which is currently pending inspection and acceptance procedures conducted by relevant government authorities.

Data Privacy and Security

We are committed to complying with applicable data protection laws and protecting the security of personal data. We mainly collect and store data relating to the usage of the ADAS system, infotainment system, as well as data collected through our sales and services channels. Such data primarily includes, among others, name, contact information and payment information. In addition, we also collect vehicle data of our Smart EVs, including, among others, vehicle condition, location information, assisted driving information, charging status, maintenance status, as well as information of the in-car infotainment system, such as information relating to smart voice assistant, smart navigation, music, data traffic and third-party apps. Such data is collected in accordance with applicable data protection laws and regulations. Our privacy policy, which is provided to every customer, describes our data processing activities. Specifically, we undertake to manage and use the data collected from customers in accordance with applicable laws and make reasonable efforts to prevent unauthorized use, loss, or leakage of customer data and will not disclose sensitive customer data to any third party without appropriate and necessary business needs, except under legal requirement or certain circumstances specified in the customer consent. We implement data security measures, for instance, access control and identity verification. We strictly limit and monitor employee access to customer personal data. We provide data privacy and information security training to these employees and require them to report any information security breach. Our business partners may have access to the data collected within the scope of their service. We take various measures, such as entering into separate confidentiality agreements or data protection agreements with our business partners, adopting necessary data security measures such as encryption, to protect such data.

We use a variety of technologies to protect the data with which we are entrusted. For example, we segregate our internal databases and operating systems from our external-facing services and intercept unauthorized access. We anonymize personal data by removing personally identifiable information, when such information is not relevant to our business. We encrypt personal data in transit, using sophisticated security protocols to ensure the integrity and confidentiality. We back up our personal data and operating data on a regular basis in separate back-up systems to minimize the risk of customer data loss or leakage. Whenever an issue related to data privacy is discovered, we take prompt actions to upgrade our system and mitigate any potential problems that may undermine the security of our system. We also have a dedicated privacy and security team and a Data Protection Officer responsible for data protection. We believe our policies and practice with respect to data privacy and security are in compliance with applicable laws and prevalent industry practice in all material aspects.

Competition

We have strategically focused on offering Smart EVs for the mid- to high-end segment of China's passenger vehicle market. We directly compete with other pure-play EV companies, especially those targeting the mid- to high-end segment. To a lesser extent, our Smart EVs also compete with ICE vehicles in the mid- to high-end segment offered by traditional OEMs. Furthermore, traditional OEMs that have strong brand recognition, substantial financial resources, sophisticated engineering capabilities and established sales channels may shift their focus towards the EV market in the future. We believe that our competitive advantage over existing and potential competitors lies in our innovative product offerings localized for consumers in China, ability to offer a great-to-drive and great-to-be-driven experience, robust software and hardware technologies, scalable and efficient platforms and our winning Smart EV team.

Intellectual Property

We have developed a number of proprietary systems and technologies, and our success depends on our ability to protect our core technology and intellectual property. We utilize a combination of patents, trademarks, copyrights, trade secrets and confidentiality policies to protect our proprietary rights.

Employees

As of December 31, 2022, 2023, and 2024, we had a total of 15,829, 13,550 and 15,364 employees, respectively. The following table sets forth a breakdown of our employees categorized by function as of December 31, 2024.

Function	Number of Employees	Percentage to Total
Research and development	6,200	40.4%
Sales and marketing	4,888	31.8%
Manufacturing	3,702	24.1%
General and administration	83	0.5%
Operation	491	3.2%
Total	15,364	**100%**

As of December 31, 2024, 15,050 of our employees were based in mainland China or Hong Kong, and 314 of our employees were based overseas.

We believe we offer our employees competitive compensation packages and a dynamic work environment that encourages initiative and is based on merit. As a result, we have been able to attract and retain talented personnel.

As required by PRC regulations, we participate in various government statutory employee benefit plans, including social insurance, namely pension insurance, medical insurance, unemployment insurance, work-related injury insurance and maternity insurance, and housing funds. 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 employees, up to a maximum amount specified by the local government regulations from time to time. In addition, we purchased additional commercial health insurance to increase insurance coverage of our employees. Historically, we have offered and sold our Smart EVs to our employees at discounts. We enter into standard labor, confidentiality and non-compete agreements with our employees. The non-compete restricted period typically expires within two years after the termination of employment, and we agree to compensate the employee with a certain percentage of his or her pre-departure salary during the restricted period.

We believe that we maintain a good working relationship with our employees, and we have not experienced any major labor disputes causing material negative publicity.

Facilities

We own land use rights with respect to a parcel of land of over 600,000 square meters in Zhaoqing, Guangdong Province, and such land use rights expire in 2067. We have constructed our Zhaoqing plant on this parcel of land, and the plant has an approved construction area of over 440,000 square meters. We purchased land use rights with respect to an additional parcel of land of over 370,000 square meters in Zhaoqing, Guangdong Province with a construction area of over 220,000 square meters, and such land use rights expire in 2070. In 2024, we acquired another parcel of land of 9,100 square meters in Zhaoqing.

We also own land use rights with respect to a parcel of land of over 63,000 square meters in Guangzhou, Guangdong Province, and such land use rights expire in 2070. We have constructed our manufacturing facility, which is used as our Intelligent Manufacturing Innovation Center on this parcel of land, and the plant has a construction area of over 117,000 square meters. We also own land use rights with respect to a parcel of land of over 68,000 square meters with respect to our technology park in Guangzhou, Guangdong Province, and such land use rights expire in 2061.

In addition, we own land use rights with respect to a parcel of land of over 1,000,000 square meters in Wuhan, Hubei Province, and such land use rights do not expire until 2072 or at a later time. We have commenced the construction of a new manufacturing base on this parcel of land in July 2021. As of March 31, 2025, the construction of our new manufacturing base in Wuhan has been completed, which is pending inspection and acceptance procedures conducted by relevant government authorities. Certain manufacturing buildings of Guangzhou and Zhaoqing plants and the land use right of the Wuhan base and Guangzhou Xiaopeng Technology Park and the equipment of Wuhan base were secured for the long-term bank loan with a total appraised value of RMB5.36 billion.

We also maintain a number of leased properties. Our Guangzhou plant is located in Guangzhou, Guangdong Province, where we lease over 1,100,000 square meters of land with 830,000 square meters of construction area. Our corporate headquarters is located in Guangzhou, Guangdong Province, where we lease over 117,000 square meters of properties primarily for corporate administration, research and development, trial production and testing. In addition, we lease a number of properties in Beijing, Shanghai and Shenzhen as well as in Silicon Valley and San Diego in the United States, primarily for research and development. We also lease a number of facilities for our direct stores, self-operated charging stations and logistics centers across China and several flexible workspaces or co-working spaces in Hong Kong, Denmark, the Netherlands, Norway, Sweden, Germany and France.

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

Insurance

We maintain property insurance, public liability insurance and driver's liability insurance. Pursuant to PRC regulations, we provide social insurance including pension insurance, unemployment insurance, work-related injury insurance and medical insurance for our employees based in China. We also purchase additional commercial health insurance to increase insurance coverage of our employees. We do not maintain business interruption insurance or key-man insurance. We believe that our insurance coverage is in line with the industry and adequate to cover our key assets, facilities and liabilities.

Legal Proceedings

We are currently not a party to any material legal or administrative proceedings. We may from time to time be subject to various legal or administrative claims and proceedings arising from the ordinary course of business. Litigation or any other legal or administrative proceeding, regardless of the outcome, is likely to result in substantial cost and diversion of our resources, including our management's time and attention.

Raw Materials and Suppliers

We incur significant costs related to procuring components and raw materials required to manufacture our Smart EVs. We use various components and raw materials in our business, such as steel and aluminum, as well as lithium battery cells, millimeter-wave radar, or mmWave radar, and semiconductors. The prices for these components and materials fluctuate, and their available supply may be unstable, depending on market conditions and global demand for these materials, and thus our business and operating results are subject to variability in the cost and availability of these components and materials. See "Item 3. Key Information—D. Risk Factors—Risks Relating to Our Business and Industry—Increases in costs, disruption of supply or shortage of components and materials could have a material adverse impact on our business." and "Item 3. Key Information—D. Risk Factors—Risks Relating to Our Business and Industry—We are dependent on our suppliers, some of which are single-source suppliers. Suppliers may fail to deliver necessary components of our Smart EVs according to our schedule and at prices, quality levels and volumes acceptable to us."

We procure components from both domestic suppliers and global suppliers, and choose suppliers based on a variety of factors, such as technological expertise, product quality, manufacturing capacity, price and market reputation. To improve cost efficiency and control supply chain risk, a majority of our components are purchased in China.

Regulation

This section sets forth a summary of the most significant rules and regulations that affect our business activities in China or the rights of our shareholders to receive dividends and other distributions from us.

PRC Permissions and Approvals

We have obtained all requisite permissions and approvals that are material to the Group's operations in China as of the date hereof, including Zhaoqing Xiaopeng New Energy Investment Co., Ltd., or Zhaoqing Xiaopeng New Energy, and our Smart EVs (the P7i, the G9, the G6, the X9, the MONA M03 and the P7+) being listed in Announcement of the Vehicle Manufacturers and Products issued by the Ministry of Industry and Information Technology of PRC, or the MIIT, which is the entry approval for Zhaoqing Xiaopeng New Energy to become a qualified manufacturer for the manufacturing and sales of our Smart EVs. Given the significant amount of discretion held by local PRC authorities in interpreting, implementing and enforcing relevant rules and regulations, as well as other factors beyond our control, we cannot assure you that we have obtained or will be able to obtain and maintain all requisite licenses, permits, filings and registrations. See "Item 3. Key Information—D. Risk Factors—Risks Relating to Our Business and Industry—Certain of our operating subsidiaries may be required to obtain additional licenses or permits or make additional filings or registrations."

Furthermore, the PRC authorities have promulgated new or proposed laws and regulations to further regulate securities offerings that are conducted overseas by China-based issuers. For more detailed information, see "Item 4. Information on the Company—Business Overview—Regulations—Regulations on M&A Rules and Overseas Listings" and "Item 4. Information on the Company—Business Overview—Regulations—Regulation Related to Internet Security and Privacy Protection". According to these new laws and regulations and the draft laws and regulations, if enacted in their current forms, in connection with our future offshore offering activities, we may be required to fulfill filing, reporting procedures with or obtain approval from the CSRC, and may be required to go through cybersecurity review by the PRC authorities. However, we cannot assure you that we can obtain the required approval or accomplish the required filing or other regulatory procedures in a timely manner, or at all. See "Item 3. Key Information—D. Risk Factors—Risks Relating to Our Business and Industry—Actual or alleged failure to comply with laws, regulations, rules, policies and other obligations regarding privacy, data protection, cybersecurity and information security could subject us to significant reputational, financial, legal and operational consequences," "Item 3. Key Information—D. Risk Factors—Risks Relating to Our Business and Industry—Changes and developments in the PRC legal system and the interpretation and enforcement of PRC laws, rules and regulations may subject us to uncertainties." and "Item 3. Key Information—D. Risks Factors—Risks Relating to Our Corporate Structure—Uncertainties exist with respect to the interpretation and implementation of the Foreign Investment Law and its implementing rules and how they may impact our business, financial condition and results of operations."

Regulation Related to Corporate Governance and Foreign Investment

The establishment, operation and management of companies in China are mainly governed by the PRC Company Law, which was issued by the Standing Committee of the National People's Congress and was last amended in December 2023. The revised PRC Company Law took into effect in July 2024. Among other things, the law stipulates that the subscribed capital contributions in a limited liability company must be fully paid by the shareholders within five years of the incorporation date of such company. The Provisions on Implementing the Registered Capital Registration and Management System under the PRC Company Law promulgated by the State Council in July 2024 further set out some transitional arrangements for companies established prior to June 30, 2024. The PRC Company Law applies to both PRC domestic companies and foreign-invested companies.

On March 15, 2019, the National People's Congress approved the Foreign Investment Law, and on December 26, 2019, the State Council promulgated the Implementing Rules of the Foreign Investment Law, or the Implementing Rules, to further clarify and elaborate the relevant provisions of the Foreign Investment Law. The Foreign Investment Law and the Implementing Rules both took effect on January 1, 2020 and replaced three previous major laws on foreign investments in China, namely, the Sino-foreign Equity Joint Venture Law, the Sino-foreign Cooperative Joint Venture Law and the Wholly Foreign-owned Enterprise Law, together with their respective implementing rules. Pursuant to the Foreign Investment Law, "foreign investments" refer to investment activities conducted by foreign investors (including foreign natural persons, foreign enterprises or other foreign organizations) directly or indirectly in the PRC, which include any of the following circumstances: (i) foreign investors setting up foreign-invested enterprises in the PRC solely or jointly with other investors, (ii) foreign investors obtaining shares, equity interests, property portions or other similar rights and interests of enterprises within the PRC, (iii) foreign investors investing in new projects in the PRC solely or jointly with other investors, and (iv) investment in other methods as specified in laws, administrative regulations, or as stipulated by the State Council. The Implementing Rules introduce a see-through principle and further provide that foreign-invested enterprises that invest in the PRC shall also be governed by the Foreign Investment Law and the Implementing Rules.

The Foreign Investment Law and the Implementing Rules provide that a system of pre-entry national treatment and negative list shall be applied for the administration of foreign investment, where "pre-entry national treatment" means that the treatment given to foreign investors and their investments at market entry stage is no less favorable than that given to domestic investors and their investments, and "negative list" means the special administrative measures for foreign investment's entry to specific fields or industries. Foreign investments beyond the negative list will be granted national treatment. Foreign investors shall not invest in the prohibited fields as specified in the negative list, and foreign investors who invest in the restricted fields shall comply with certain special requirements on shareholding and senior management personnel, etc. In the meantime, relevant competent government departments will formulate a catalogue of the specific industries, fields and regions in which foreign investors are encouraged and guided to invest according to the national economic and social development needs. The current industry entry clearance requirements governing investment activities in the PRC by foreign investors are set out in two categories, namely The Special Management Measures for the Entry of Foreign Investment (Negative List) (2024 version), or the 2024 Foreign Investment Negative List, as promulgated on September 26, 2024 by the National Development and Reform Commission, or the NDRC, and the Ministry of Commerce, or the MOFCOM, and taking effect from November 1, 2024, and the Encouraged Industry Catalogue for Foreign Investment (2022 version), as promulgated by the NDRC and the MOFCOM on October 26, 2022 and taking effect on January 1, 2023. Industries not listed in these two catalogues are generally deemed "permitted" for foreign investment unless specifically restricted by other PRC laws.

According to the Implementing Rules, the registration of foreign-invested enterprises shall be handled by the State Administration for Market Regulation, or the SAMR, or its authorized local counterparts. Where a foreign investor invests in an industry or field subject to licensing in accordance with laws, the relevant competent government department responsible for granting such license shall review the license application of the foreign investor in accordance with the same conditions and procedures applicable to PRC domestic investors unless it is stipulated otherwise by the laws and administrative regulations, and the competent government department shall not impose discriminatory requirements on the foreign investor in terms of licensing conditions, application materials, reviewing steps and deadlines, etc.

Pursuant to the Foreign Investment Law and the Implementing Rules, and the Information Reporting Measures for Foreign Investment jointly promulgated by the MOFCOM and the SAMR, which took effect on January 1, 2020, a foreign investment information reporting system has been established and foreign investors or foreign-invested enterprises shall report investment information to competent commerce departments of the government through the enterprise registration system and the national enterprise credit information publicity system, and the administration for market regulation shall forward the above investment information to the competent commerce departments in a timely manner.

Regulation Related to Manufacturing New Energy Passenger Vehicles

Under the PRC laws, a newly-established manufacturer of new energy passenger vehicles shall first complete the filings with the competent local counterpart of the NDRC, and thereafter obtain the entry approvals from the Ministry of Industry and Information Technology, or the MIIT, for itself and the new energy passenger vehicles to be manufactured by them.

On June 2, 2015, the NDRC and the MIIT promulgated the Administrative Measures for Newly-established Manufacturers of Pure Electric Passenger Vehicles, or Circular 27, which took effect on July 10, 2015. According to Circular 27, a newly-established manufacturer for pure electric passenger vehicles shall satisfy specific requirements including, among others, having complete vehicle research and development capabilities, power systems and other necessary technologies, and shall obtain the NDRC approval with respect to the project investments in manufacturing the pure electric passenger vehicles. According to the Administrative Measures for Investment in Automobile Industry, which was subsequently promulgated by the NDRC on December 10, 2018 and took effect on January 10, 2019, the projects in relation to newly-established manufacturer for pure electric passenger vehicles shall be filed with the competent provincial counterpart of the NDRC, which supersedes the requirement of obtaining the approval from the NDRC under Circular 27.

In addition, according to the Administrative Measures for the Entry of Manufacturers of New Energy Vehicles and the Products promulgated by the MIIT on January 6, 2017, which took effect on July 1, 2017 and last amended on July 24, 2020, or Circular 39, the MIIT is responsible for the national-wide administration of new energy vehicles and their manufacturers. The manufacturers shall apply to the MIIT for the entry approval to become a qualified manufacturer in China and shall further apply to the MIIT for the entry approval for the new energy vehicle products before commencing the manufacturing and sale of the new energy vehicle products in China. Both of the new energy vehicle products and their manufacturers will be listed in the Announcement of the Vehicle Manufacturers and Products issued by the MIIT from time to time, or the Manufacturers and Products Announcement, if they have obtained the entry approval from the MIIT.

Furthermore, to obtain the entry approvals from the MIIT, the manufacturers shall meet certain requirements, including, among others, having obtained the approvals or completed the filings with the NDRC in relation to the project investments in manufacturing the electric vehicles, having capabilities in the design, development and manufacture of automotive products, ensuring product consistency, providing after-sales service and product safety assurance, and the new energy vehicles shall meet the technical criteria contained in Circular 39 and other safety and technical requirements specified by the MIIT and pass the inspections conducted by the relevant state-recognized testing institutions. Any manufacturer manufacturing the new energy vehicles without obtaining the entry approval or selling new energy vehicles not listed in the Manufacturers and Products Announcement may be subject to penalties including fines, forfeiture of illegally manufactured and sold vehicles and spare parts and revocation of its business licenses.

Regulation Related to Compulsory Product Certification

According to the Administrative Regulations on Compulsory Product Certification as promulgated by the General Administration of Quality Supervision, Inspection and Quarantine, or the QSIQ, which was merged into the SAMR afterwards, on July 3, 2009 and became effective on September 1, 2009 and as most recently revised on September 29, 2022 and implemented on November 1, 2022, and according to the List of the First Batch of Products Subject to Compulsory Product Certification as promulgated by the QSIQ in association with the State Certification and Accreditation Administration Committee, or the CAA on December 3, 2001, and became effective on the same day, QSIQ are responsible for the quality certification of automobiles. Automobiles and the relevant accessories must not be sold, exported or used in operating activities until they are certified by certification authorities designated by CAA as qualified products and granted certification marks.

Regulation Related to Government Subsidies and Exemption of Vehicle Purchase Tax for Purchasing New Energy Vehicles

On April 22, 2015, the MOF, the Ministry of Science and Technology, or the MOST, the MIIT and the NDRC jointly promulgated the Circular on Financial Subsidies on the Promotion and Application of New Energy Vehicles from 2016 to 2020, or the NEV Financial Subsidies Circular, which took effect on the same day. The NEV Financial Subsidies Circular provides that those who purchase new energy vehicles specified in the Catalogue of Recommended New Energy Vehicle Models for Promotion and Application issued by the MIIT, or the Recommended NEV Catalogue, may enjoy government subsidies. A purchaser may purchase a new energy vehicle from a manufacturer by paying the price deducted by the subsidy amount, and the manufacturer may obtain the subsidy amount from the PRC central government after such new energy vehicle is sold to the purchaser. Our products, the G3 and the P7, are eligible for such subsidies. Furthermore, a preliminary phase-out schedule for the provision of subsidies during the period from 2016 to 2020 contained in NEV Financial Subsidies Circular specifies that the subsidy amount per vehicle, or subsidy criteria, for the year 2017 to 2018 will be reduced by 20% compared to that of the year 2016, and the subsidy criteria for the year 2019 to 2020 will be reduced by 40% compared to that of the year 2016.

On December 29, 2016, the MOF, the MOST, the MIIT and NDRC jointly promulgated the Circular on Adjusting the Subsidy Policies on Promotion and Application of New Energy Vehicles, or the Circular on Adjusting the NEV Subsidy Policies, which became effect on January 1, 2017, to enhance the technical requirements and adjust the subsidy criteria of qualified new energy vehicles in the Recommended NEV Catalogue. The Circular on Adjusting the NEV Subsidy Policies caps the subsidy amount from the local governments at 50% of the subsidy amount from the central government, and further specifies that national and local subsidies for purchasers purchasing new energy vehicles (except for fuel cell vehicles) from 2019 to 2020 will be reduced by 20% as compared to the then-existing subsidy standards. The MOF, the MOST, the MIIT and the NDRC promulgated a series of circulars in 2018 and 2019 to further adjust the technical requirements and subsidy criteria of new energy vehicles eligible for government subsidies.

On April 23, 2020, the MOF, the MOST, the MIIT and the NDRC jointly issued the Circular on Improving Subsidy Policies on Promotion and Application of New Energy Vehicles, which took effect on the same day, or the 2020 NEV Financial Subsidies Circular, which extends the implementation period of financial subsidy policy for new energy vehicles to the end of 2022. The 2020 NEV Financial Subsidies Circular further specifies that the subsidy criteria for new energy vehicles during the period from year 2020 to 2022 will generally be reduced by 10%, 20% and 30% compared to the subsidy standard of the previous year respectively, and the number of vehicles eligible for the subsidies will not exceed approximately two million each year. Furthermore, on December 31, 2020 and December 31, 2021, the abovementioned authorities further promulgated another two similar circulars to reiterate the principles including among others, the subsidy criteria reduction rate as stipulated in the 2020 NEV Financial Subsidies Circular.

On December 26, 2017, the MOF, the State Administration of Taxation, or the SAT, the MIIT and the MOST jointly issued the Announcement on Exemption of Vehicle Purchase Tax for New Energy Vehicle, or the Announcement on Exemption of Vehicle Purchase Tax, pursuant to which, from January 1, 2018 to December 31, 2020, the vehicle purchase tax is not imposed on purchases of qualified new energy vehicles listed in the Catalogue of New Energy Vehicle Models Exempted from Vehicle Purchase Tax jointly issued by MIIT and the SAT. On April 16, 2020, the MOF, the SAT and the MIIT further promulgated the Announcement on Relevant Policies for the Exemption of Vehicle Purchase Tax for New Energy Vehicles, which took effect on January 1, 2021, and further extended the exemption period for the vehicle purchase tax of new energy vehicles to December 31, 2022. Furthermore, on September 18, 2022, the MOF, the SAT and the MIIT stipulated the Announcement on Continuation for the Exemption of Vehicle Purchase Tax for New Energy Vehicles, which continues to extend the exemption period for the vehicle purchase tax for new energy vehicles to December 31, 2023. On June 19, 2023, the MOF and the MIIT issued the Announcement on Continuation and Optimization for the Exemption of Vehicle Purchase Tax for New Energy Vehicles, pursuant to which new energy vehicles purchased during the period from January 1, 2024 to December 31, 2025 shall be exempted from the vehicle purchase tax and the exemption amount for each new energy passenger vehicle shall not exceed RMB30,000; new energy vehicles purchased during the period from January 1, 2026 to December 31, 2027 shall be subject to the vehicle purchase tax at a reduced rate by half and the exemption amount for each new energy passenger vehicle shall not exceed RMB15,000.

Regulation Related to Electric Vehicle Charging Infrastructure

Pursuant to the Guiding Opinions of the General Office of the State Council on Accelerating the Promotion and Application of the New Energy Vehicles which took effect on July 14, 2014, the Guiding Opinions of the General Office of the State Council on Accelerating the Construction of Charging Infrastructure of the Electric Vehicle which took effect on September 29, 2015, the Guidance on the Development of Electric Vehicle Charging Infrastructure (2015-2020) which took effect on October 9, 2015 and the Development Plan for the New-energy Vehicle Industry (2021-2035) which took effect on October 20, 2020, the PRC government encourages the construction and development of charging infrastructure for electric vehicles, such as charging stations and battery swap stations, and requires relevant local authorities to adopt simplified construction approval procedures and expedite the approval process. In particular, only newly-built centralized charging and battery replacement power stations with independent land occupation are required to obtain the construction approvals and permits from the relevant authorities. Government guidance price should be implemented in managing the rate of the charging service fees before the year 2020. The Circular on Accelerating the Development of Electric Vehicle Charging Infrastructure in Residential Areas jointly promulgated by the NDRC, the National Energy Administration, the MIIT and the Ministry of Housing and Urban-Rural Development on July 25, 2016 provides that charging infrastructures in residential areas should be covered by product liability insurance policies and charging safety liability insurance policies, and operators of electric vehicle charging and battery swap infrastructure facilities are required to be covered under safety liability insurance policies. Furthermore, on January 10, 2022, the NDRC, together with other competent government authorities, promulgated the Implementation Opinions on Further Improving the Service Guarantee Capability of Electric Vehicle Charging Infrastructure, targeting to further strengthen the electric vehicle charging infrastructure's capacity by optimizing the construction of urban public charging network and accelerating the effective coverage of the fast-charging facilities on the highways. In addition, on July 20, 2023, the NDRC and the MIIT, together with several other government authorities, promulgated the Several Measures for Promoting Automobile Consumption, which aims to strengthen the construction of supporting facilities for new energy automobiles by, among others, accelerating the construction of charging infrastructure in townships and countries, highways, residential areas and other locations.

In addition, various local governmental authorities have implemented measures to encourage the construction and development of the electric vehicle charging infrastructure. For instance, on April 3, 2020, the Municipal Bureau of Industry and Information Technology of Guangzhou promulgated the Circular on Measures of Promoting Automobile Production and Consumption of Guangzhou, which took effect on the same day and will remain effective until December 31, 2020, aiming, among other things, to promote the construction of ancillary facilities of the new energy vehicles, including the charging facilities in areas such as public carparks and industry parks.

Regulations Relating to Parallel Credits Policy on Vehicle Manufacturers and Importers

On September 27, 2017, the MIIT, the MOF, the MOFCOM, the General Administration of Customs and the QSIQ jointly promulgated the Measures for the Parallel Administration of the Corporate Average Fuel Consumption and New Energy Vehicle Credits of Passenger Vehicle Enterprise, which were last amended on June 29, 2023 and took effect on August 1, 2023. Pursuant to the measures, the vehicle manufacturers and vehicle importers above a certain scale are required to maintain their new energy vehicles credits, or NEV credits, above zero. The NEV credits equal to the aggregate actual scores of a vehicle manufacturer or a vehicle importer minus its aggregate targeted scores calculated in a manner as stipulated under the measures. Excess positive NEV credits are tradable and may be sold to other enterprises through a credit management system established by the MIIT. Negative NEV credits can be offset by purchasing excess positive NEV credits from other manufacturers or importers.

According to these measures, the requirements on the NEV credits shall be considered for the entry approval of passenger vehicle manufacturers and products by the regulators. If a passenger vehicle enterprise fails to offset its negative credits, its new products which fuel consumption does not reach the target fuel consumption value for a certain vehicle models as specified in the Evaluation Methods and Indicators for the Fuel Consumption of Passenger Vehicles will not be listed in the Manufacturers and Products Announcement or will not be granted the compulsory product certification, and the vehicle enterprises may be subject to penalties according to the relevant rules and regulations.

Regulation Related to Automobile Sales and Consumer Rights Protection

Pursuant to the Product Quality Law of the PRC promulgated on February 22, 1993 and most recently amended on December 29, 2018, a manufacturer is prohibited from producing or selling products that do not meet applicable standards and requirements for safeguarding human health and ensuring human and property safety. Products must be free from unreasonable dangers threatening human and property safety. Where a defective product causes physical injury to a person or property damage, the aggrieved party may make a claim for compensation from the producer or the seller of the product. Producers and sellers of non-compliant products may be ordered to cease the production or sale of the products and may be subject to confiscation of the products and fines. Earnings from sales in contravention of such standards or requirements may also be confiscated, and in severe cases, the violator's business license may be revoked. Pursuant to the Regulations on the Administration of Recall of Defective Automobile Products, which was issued by the State Council on October 22, 2012 and amended on March 2, 2019, together with the relevant implementing measures as issued by the SAMR, or the Recall Regulations, manufacturers shall recall all defective automobiles in accordance with requirements contained therein; otherwise, the product quality supervision department of the State Council shall order manufacturers to recall accordingly. On November 23, 2020, the SAMR issued a Circular on Further Strengthening the Regulation of Recall of Automobile with Over-The-Air (OTA) Technology, or the OTA Recall Circular, pursuant to which automobile manufacturers that provide technical services to sold automobiles through OTA technology are required to complete filings with the SAMR in accordance with the Recall Regulations, and for technical services through OTA implemented from January 1, 2020 to the date of issuance of the OTA Recall Circular, the automobile manufacturers shall make supplementary filings with the SAMR before December 31, 2020. In addition, if an automobile manufacturer uses OTA technology to eliminate defects and recalls its defective products, it shall make a recall plan and complete a filing with the SAMR in accordance with the Recall Regulations.

According to the Administrative Measures on Automobile Sales promulgated by the MOFCOM on April 5, 2017, which took effect on July 1, 2017, automobile suppliers and dealers shall sell automobiles, spare parts and other related products that are in compliance with relevant provisions and standards of the state, and the dealers shall, in an appropriate manner, expressly indicate the prices of automobiles, spare parts and other related products as well as the rates of charges for various services on their business premises, and shall not sell products at higher prices or charge other fees without express indication. Automobile suppliers and dealers are required to file the basic information through the information management system for the national automobile circulation operated by the competent commerce department of the State Council within 90 days after the receipt of a business license. Where there is any change to the filed information, automobile suppliers and dealers must update such information within 30 days upon such change. The Guiding Opinions on Further Strengthening the Construction of Safety System for New Energy Vehicle Enterprises issued by the MIIT, together with certain other PRC governmental authorities, on March 29, 2022, proposes to comprehensively enhance the safety capabilities of enterprises in safety management mechanism, product quality, operation monitoring, after-sales service, accident response and handling, as well as enhance network security, improve the safety of new energy vehicles, and promote the high-quality development of the new energy vehicle industry.

According to the Notice on the Filing of Online Upgrade of Automotive Software promulgated and implemented by the MIIT Equipment Industry Development Center on April 15,2022, filing shall be made for a vehicle manufacturer that has obtained the manufacturing permission license for road vehicles, the vehicle products with OTA upgrade function produced by it and the OTA upgrade activities conducted, with tiered filing based on the impact assessment of specific upgrading activities. In particular, it can be divided into three categories: (i) for upgrading activities not involving changes in product safety, environmental protection, energy saving, anti-theft and other technical performance, enterprises may directly conduct such upgrading activities after filing; (ii) for upgrading activities involving changes in product safety, environmental protection, energy saving, anti-theft and other technical performance, enterprises shall submit verification materials to ensure that the products comply with national laws and regulations, technical standards and specifications as well as other relevant requirements. Among them, for upgrading activities involving the change of technical parameters in this Notice, enterprises shall apply for product change or extension with the MIIT in accordance with the management requirements of this Notice before filing such upgrading activities, with such upgrade subject to the completion of product admission under this Notice according to the process so as to ensure the consistency of vehicle product production; and (iii) for upgrading activities involving vehicle autonomous driving functions (Level 3 and above of driving automation classification), they should be approved by the MIIT.

According to the Circular on Further Strengthening the Administration of the Market Access, Recall and Online Software Upgrading of Intelligent Connected Automobiles promulgated and implemented by the MIIT and State Administration for Market Regulation, or the SAMR, on February 25, 2025, automobile manufacturers shall take the initiative to perform their principal responsibilities for product quality and safety. In particular, enterprises that implement OTA upgrading activities shall file for record with the MIIT and the SAMR as required, and ensure that their automotive products after OTA upgrading comply with the relevant requirements of national laws and regulations, technical standards and technical specifications. the SAMR will conduct record-filing assessment and supervision and inspection in a timely manner, regulate the methods for upgrading and application of OTAs, and prevent enterprises from concealing vehicle defects or evading liability through OTA upgrading.

Furthermore, the Consumer Rights and Interests Protection Law, as promulgated on October 31, 1993 and most recently amended in 2013 by the Standing Committee of the National People's Congress of China, or the SCNPC, imposes stringent requirements and obligations on business operators. Failure to comply with the consumer protection requirements could subject the business operators to administrative penalties including warning, confiscation of illegal income, imposition of fines, an order to cease business operations, revocation of business licenses, as well as potential civil or criminal liabilities.

Regulations Relating to Autonomous Driving

The MIIT, the Ministry of Public Security and the Ministry of Transport issued the Administrative Norms for Road Testing and Demonstrative Application of Intelligent Connected Vehicles (Trial Implementation) on July 27, 2021, which took effect from September 1, 2021. The norms are the primary national level regulatory document on road testing of autonomous driving vehicles in the PRC, pursuant to which, any entity intending to conduct a road testing and demonstrative application of intelligent connected vehicles must provide a self-statement on road testing safety and a temporary license plate for each tested vehicle. Demonstrative application refers to activities involving the pilot and trail effects of running intelligent connected vehicles with passengers and goods, which are carried out on designated sections of roads, urban roads, regions and other roads that are used for passage of public motor vehicles. An applicant entity must satisfy, among others, the following requirements to obtain the required licenses: (i) it must be an independent legal person registered under the PRC law with the capacity to conduct manufacturing, technological research or 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 tested vehicles; (ii) the vehicle under road testing must be equipped with a driving system that can switch between autonomous pilot mode and human driving mode in a safe, quick and simple manner and allows human driver to take control of the vehicle any time immediately when necessary; (iii) 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; (iv) 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; (v) 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. During the 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 self-statement. If the testing entity intends to conduct road testing in the region beyond the administrative territory of the certificate issuing authority, it must again provide the former materials and supplementary materials (if any) to the authority supervising the road-testing of autonomous cars in that region. In addition, the testing entity is required to submit to the provincial authority a periodical testing report every six months and a final testing report within one month after completion of the road testing. In the case of a car accident causing severe injury or death of personnel or vehicle damage, the testing entity must report the accident to the provincial authority within 24 hours and submit a comprehensive analysis report in writing covering cause analysis, final liability allocation results, etc. within five working days after the traffic enforcement agency determines the liability for the accident.

On November 17, 2023, the MIIT, the Ministry of Public Security, the Ministry of Housing and Urban-Rural Development and the Ministry of Transport issued, with effect from the same day, the Notice of Implementing the Pilot Program of Access and On-road Traffic of Intelligent Connected Vehicles. This notice also included an annex setting out implementation guidelines for the pilot program. The notice and its implementation guidelines established a pilot program for the on-road testing of intelligent connected vehicles. Pursuant to the notice, the authorities may select intelligent connected vehicles for on-road traffic pilot programs on the basis of road tests and product demonstrations. Eligible intelligent connected vehicles are those which are equipped with L3 or L4 autonomous driving functions (as defined in the Taxonomy of Driving Automation for Vehicles) and are capable of being mass produced. To be considered for the pilot, manufacturers and users of these vehicles must jointly develop an application plan and apply for the pilot qualification. The users must purchase vehicular insurance, apply for registration, monitor the operation of the vehicle, and ensure that the vehicle is used safely. If the intelligent connected vehicle will be used to provide transportation services as part of the pilot, the requisite operational licenses license must also be obtained. The implementation guidelines provide that the users of the vehicles must (i) be an independent legal person registered under the PRC law that has fixed business premises in the city where the intelligent connected vehicles are to be operated and the capabilities to effectively support the development of safety and security work for the operation of the intelligent connected vehicles; (ii) establish a team that includes a team lead and management personnel, each with specified tasks and duties, to ensure the safe operation of the intelligent connected vehicles; (iii) establish a sound operational safety system, monitor the intelligent connected vehicles to ensure road safety, and respond in the event of emergencies, and (iv) obtain the appropriate operational licenses and qualifications if the user is engaged in the operation of transportation services.

On July 26, 2024, the Ministry of Natural Resources promulgated the Notice on Strengthening the Administration of Surveying, Mapping and Geoinformation Security Relating to Intelligent Connected Vehicles. This notice provides that surveying and mapping activities related to intelligent connected vehicles must be conducted in accordance with the law, that confidential and sensitive geographic information data must be strictly managed, and that electronic navigation maps must be strictly reviewed. In addition, the notice implements requirements for the storage of geoinformation data and cross-border transfer of such data, strengthens the regulation of geoinformation security, and encourages the exploration of geographic information security applications.

Regulation Related to Value-Added Telecommunications Services

Among all of the applicable laws and regulations, the PRC Telecommunications Regulations, or the Telecom Regulations, promulgated by the PRC State Council on September 25, 2000 and most recently amended on February 6, 2016, is the primary governing law, and sets out the general framework for the provision of telecommunications services by domestic PRC companies. Under the Telecom Regulations, telecommunications service providers are required to procure operating licenses prior to their commencement of operations. The Telecom Regulations distinguish "basic telecommunications services" from "value-added telecommunications services", or "VATS". VATS are defined as telecommunications and information services provided through public networks. A telecom catalogue was issued as an attachment to the Telecom Regulations to categorize telecommunications services as either basic or value-added, which was most recently updated in June 2019.

The Administrative Measures on Telecommunications Business Operating Licenses promulgated by the MIIT in 2009 and most recently amended in July 2017, set forth more specific provisions regarding the types of licenses required to operate VATS, the qualifications and procedures for obtaining such licenses and the administration and supervision of such licenses. Under these regulations, a commercial operator of VATS must first obtain a VATS License from the MIIT or its provincial level counterparts, otherwise such operator might be subject to sanctions including corrective orders from the competent administration authority, fines and confiscation of illegal gains and, in the case of significant infringements, the websites may be ordered to close.

In addition, pursuant to the Administrative Measures on Internet Information Services promulgated by the State Council in 2000 and amended in 2011, "internet information services" refers to the provision of information through the internet to online users and are divided into "commercial internet information services" and "non-commercial internet information services". A provider of commercial internet information service must obtain the VATS License for internet information service. If the operator provides internet information on a non-commercial basis, it only needs to file the relevant information with the provincial Communication Administration.

In 2006, the predecessor to the MIIT issued the Circular of the Ministry of Information Industry on Strengthening the Administration of Foreign Investment in Value-added Telecommunications Business, according to which a foreign investor in the telecommunications service industry of China must establish a foreign-invested enterprise and apply for a telecommunications business operation license. This circular further requires that: (i) PRC domestic telecommunications business enterprises must not lease, transfer or sell a telecommunications business operation license to a foreign investor through any form of transaction or provide resources, offices and working places, facilities or other assistance to support the illegal telecommunications service operations of a foreign investor; (ii) value-added telecommunications enterprises or their shareholders must directly own the domain names and trademarks used by such enterprises in their daily operations; (iii) each value-added telecommunications enterprise must have the necessary facilities for its approved business operations and maintain such facilities in the regions covered by its license; and (iv) value-added telecommunications enterprises are required to maintain network and internet security in accordance with the standards set forth in relevant PRC regulations. If a license holder fails to comply with the requirements in the circular or cure such non-compliance, the MIIT or its local counterparts have the discretion to take measures against such license holder, including revoking its license for value-added telecommunications business.

According to the 2024 Foreign Investment Negative List and the Administrative Regulations on Foreign-Invested Telecommunications Enterprises, which were most recently amended by the State Council on April 7, 2022 and took effect on May 1, 2022, as for the telecommunications businesses open for foreign investment according to China's WTO commitment, except as otherwise stipulated by the state, the equity interest of foreign investors in the value-added telecommunications enterprises shall not exceed 50%. On April 8, 2024, the MIIT issued the Notice on the Pilot Program for Expanding the Opening up of Value-added Telecommunications Services. The notice provides for the establishment of a number of pilot programs, which are to be initially carried out in designated districts in Beijing, Shanghai, Hainan and Shenzhen. In these districts, restrictions on foreign equity ratios will be removed for internet data centers, content delivery networks, internet service providers, online data processing and transaction processing service, information releasing platforms and delivery services included in information services (excluding the operation of internet news information, online publishing, online audio and video, and internet culture), as well as information protection and processing services.

Regulation Related to Financing Lease

According to the Administrative Measures of Supervision on Financing Lease Enterprises formulated by the MOFCOM and effective on October 1, 2013, financing lease enterprises shall use lease properties with clear ownership and capable of generating revenue to carry out the financing lease business and shall report the relevant data in a timely and truthful manner through the National Financing Lease Company Management Information System. Financing lease enterprises shall not engage in deposits, loans, entrusted loans or other financial services. Without approval of the relevant government authorities, financing lease enterprises shall not engage in inter-bank borrowing or other businesses and must not carry out illegal fundraising activities under the disguise of a financing lease company. In addition, the measures also provide that financing lease enterprises shall give adequate consideration to and objectively evaluate the value of assets leased back, set purchasing prices for subject matter thereof with reference to reasonable pricing basis in compliance with accounting principles, and shall not purchase any subject matter at a price in excess of the value thereof.

Furthermore, the PRC Civil Code promulgated by the National People's Congress and effective on January 1, 2021 sets forth general terms about financing lease contracts and further provides that the lessor and the lessee may agree on the ownership of the leased property upon expiry of the lease term. If the ownership of the leased property is not or is not clearly agreed between the parties and cannot be determined pursuant to the PRC Civil Code, the leased property shall be owned by the lessor.

Our auto financing program is treated as an installment payment program for accounting purposes and the Group records the relevant installment payment receivables on its balance sheets.

Regulation Related to Insurance Agency

According to the Provisions on the Supervision and Administration of Insurance Agents, or the Insurance Agents Provisions, issued on November 12, 2020 and took effect on January 1, 2021 by the China Banking and Insurance Regulatory Commission, or the CBIRC, the predecessor of the National Financial Regulatory Administration, an insurance agent refers to an entity or an individual entrusted by insurance companies to handle insurance business by and within the authorization of, and which collects commissions from insurance companies, including the professional insurance agency, the ancillary-business insurance agency and the individual insurance sales agent. In order to engage in insurance agency business, a professional insurance agency shall obtain an insurance agency business permit issued by the National Financial Regulatory Administration or its local counterpart. After obtaining the business license, the insurance agency company has to satisfy the requirements prescribed by Insurance Agents Provisions or other relevant regulations on the shareholder and management qualification, capital contribution, articles of association, corporate governance and internal control procedures with viable business model and sound business and financial information system.

In addition, professional insurance agencies shall, within 5 days from the date of occurrence of any of the following circumstances, report to the National Financial Regulatory Administration through the supervision information system and make public disclosure: (i) change of name, domicile or business address; (ii) change of shareholders, registered capital or the form of organization; (iii) change of name or capital contribution of a shareholder; (iv) amendments to the articles of association; (v) equity investment in, or establishment of offshore insurance institutions or non-operating institutions; (vi) division, merger, dissolution, or termination of insurance agency business activities of branches; (vii) change of the principal person-in-charge of a sub-branch; (viii) administrative penalties, civil punishment or pending investigation of suspected illegal crime; or (ix) other reportable events prescribed by the insurance regulatory body under the State Council.

Regulation Related to Internet Security and Privacy Protection

PRC governmental authorities have enacted laws and regulations with respect to Internet information security and protection of personal information from any abuse or unauthorized disclosure. Internet information in China is regulated and restricted from a national security standpoint. The Decision in Relation to Protection of Internet Security enacted by the SCNPC on December 28, 2000 and amended on August 27, 2009, provides that, among other things, the following activities conducted through the Internet are subject to criminal punishment: (i) gaining improper entry into a computer or system of strategic importance; (ii) intentionally inventing and spreading destructive programs such as computer viruses to attack the computer system and the communications network, thus damaging the computer system and the communications networks; (iii) in violation of State regulations, discontinuing the computer network or the communications service without authorization; (iv) leaking state secrets; (v) spreading false commercial information; or (vi) infringing intellectual property rights through internet, etc.

On July 1, 2015, the Standing Committee of the National People's Congress issued the National Security Law, which came into effect on the same day. The National Security Law provides that the state shall safeguard the sovereignty, security and cyber security development interests of the state, and that the state shall establish a national security review and supervision system to review, among other things, foreign investment, key technologies, internet and information technology products and services, and other important activities that are likely to impact the national security of the PRC.

On November 7, 2016, the SCNPC promulgated the Cybersecurity Law, which came into effect on June 1, 2017 and applies to the construction, operation, maintenance and use of networks as well as the supervision and administration of cybersecurity in China. The Cybersecurity Law defines "networks" as systems that are composed of computers or other information terminals and relevant facilities used for the purpose of collecting, storing, transmitting, exchanging and processing information in accordance with certain rules and procedures. "Network operators", who are broadly defined as owners and administrators of networks and network service providers, are subject to various security protection-related obligations, including: (i) complying with security protection obligations in accordance with tiered cybersecurity system's protection requirements, which include formulating internal security management rules and manual, appointing cybersecurity responsible personnel, adopting technical measures to prevent computer viruses and cybersecurity endangering activities, adopting technical measures to monitor and record network operation status and cybersecurity events, taking measures to classify, backup and encrypt important data; (ii) formulating cybersecurity emergency response plans, timely handling security risks, initiating emergency response plans, taking appropriate remedial measures and reporting to regulatory authorities; and (iii) providing technical assistance and support for public security and national security authorities for protection of national security and criminal investigations in accordance with the law. Network service providers who do not comply with the Cybersecurity Law may be subject to fines, suspension of their businesses, shutdown of their websites, and revocation of their business licenses. Furthermore, on September 12, 2022, the CAC released the Draft Amendment to the Cybersecurity Law, which increases the legal liability for violations under the current Cybersecurity Law, integrates and unifies the penalties for violation of network operation security protection obligations, violation of critical information infrastructure security protection obligations and violation of personal information protection obligations. Since the Amendment was released only for soliciting public comments at this stage, uncertainties exist with respect to the enactment timetable, final content, interpretation and implementation.

On June 10, 2021, the Standing Committee of the National People's Congress of China promulgated the Data Security Law, which took effect in September 2021. The Data Security Law provides for data security and privacy obligations on entities and individuals carrying out data activities. The Data Security Law also introduces a data classification and hierarchical protection system based on the importance of data in economic and social development, as well as the degree of harm it will cause to national security, public interests, or legitimate rights and interests of individuals or organizations when such data is tampered with, destroyed, leaked, or illegally acquired or used. The appropriate level of protection measures is required to be taken for each respective category of data. For example, a processor of important data shall designate the personnel and the management body responsible for data security, carry out risk assessments for its data processing activities and file the risk assessment reports with the competent authorities. In addition, the Data Security Law provides a national security review procedure for those data activities which may affect national security and imposes export restrictions on certain data and information. We may be required to make further adjustments to our business practices to comply with this law.

On July 30, 2021, the State Council promulgated the Regulations on Security Protection of Critical Information Infrastructure, effective on September 1, 2021. According to the Regulations on Security Protection of Critical Information Infrastructure, a "critical information infrastructure" refers to an important network facility and information system in important industries such as, among others, public communications and information services, as well as other important network facilities and information systems that may seriously endanger national security, the national economy, the people's livelihood, or the public interests in the event of damage, loss of function, or data leakage. The competent governmental authorities and supervision and management authorities of the aforementioned important industries will be responsible for (i) organizing the identification of critical information infrastructures in their respective industries in accordance with certain identification rules, and (ii) promptly notifying the identified operators and the public security department of the State Council of the identification results.

The Administrative Provisions on Security Vulnerability of Network Products were jointly promulgated by the MIIT, the CAC and the Ministry of Public Security on July 12, 2021 and took effect on September 1, 2021. Network product providers, network operators as well as organizations or individuals engaging in the discovery, collection, release and other activities of network product security vulnerability are subject to these provisions and shall establish channels to receive information of security vulnerability of their respective network products and shall examine and fix such security vulnerability in a timely manner. Network product providers are required to report relevant information of security vulnerability of network products with the MIIT within two days and to provide technical support for network product users. Network operators shall take measures to examine and fix security vulnerability after discovering or acknowledging that their networks, information systems or equipment have security loopholes. According to these provisions, the breaching parties may be subject to administrative penalty as regulated in accordance with the Cybersecurity Law.

On August 20, 2021, the SCNPC promulgated the PRC Personal Information Protection Law, which took effect from November 1, 2021. Pursuant to the PRC Personal Information Protection Law, personal information refers to the information related to an identified or identifiable individual recorded electronically or by other means, excluding the anonymized information, and processing of personal information includes among others, the collection, storage, use, handling, transmission, provision, disclosure, deletion of personal information. In addition to processing of personal information within the PRC, the PRC Personal Information Protection Law also applies to the processing of personal information outside the PRC under any of the following circumstances: (i) where the purpose is to provide products or services to individuals within the PRC; (ii) when analyzing or assessing the activities of domestic individuals; or (iii) other circumstances as stipulated by laws and administrative regulations. The PRC Personal Information Protection Law explicitly sets forth the circumstances where it is allowed to process personal information, including (i) the consent from the individual has been obtained; (ii) it is necessary for the conclusion and performance of a contract under which an individual is a party, or it is necessary for human resource management in accordance with the labor related rules and regulations and the collective contracts formulated or concluded in accordance with laws; (iii) it is necessary to perform statutory duties or statutory obligations; (iv) it is necessary to respond to public health emergencies, or to protect the life, health and property safety of individuals in emergencies; (v) carrying out news reports, public opinion supervision and other acts for the public interest, and processing personal information within a reasonable scope; (vi) processing personal information disclosed by individuals or other legally disclosed personal information within a reasonable scope in accordance with this law; or (vii) other circumstances stipulated by laws and administrative regulations. In addition, this law emphasizes that individuals have the right to withdraw their consent to process their personal information, and the processors must not refuse to provide products or services on the grounds that the individuals do not agree to the processing of their personal information or withdraw their consent, unless processing of personal information is necessary for the provision of products or services. Before processing the personal information, the processors should truthfully, accurately and completely inform individuals of the following matters in a conspicuous manner and in clear and easy-to-understand language: (i) the name and contact information of the personal information processor; (ii) the purpose of processing personal information, processing method, type of personal information processed, and the retention period; (iii) methods and procedures for individuals to exercise their rights under this law; (iv) other matters that should be notified according to laws and administrative regulations. Furthermore, the law provides that personal information processors who use personal information to make automated decisions should ensure the transparency of decision-making and the fairness and impartiality of the results, and must not impose unreasonable differential treatment on individuals in terms of transaction prices and other transaction conditions.

On December 28, 2021, the CAC, together with certain other PRC governmental authorities, promulgated the Revised Cybersecurity Review Measures that replaced the previous version and took effect from February 15, 2022. Pursuant to these measures, the purchase of network products and services by an operator of critical information infrastructure or the data processing activities of a network platform operator that affect or may affect national security will be subject to a cybersecurity review. In addition, any online platform operator possessing over one million users' individual information must apply for a cybersecurity review before listing abroad. The competent governmental authorities may also initiate a cybersecurity review against the operators if the authorities believe that the network product or service or data processing activities of such operators affect or may affect national security. Article 10 of the Revised Cybersecurity Review Measures also set out certain general factors which would be the focus in assessing the national security risk during a cybersecurity review, including (i) risks of critical information infrastructure being illegally controlled or subject to interference or destruction; (ii) the harm caused by the disruption of the supply of the product or service to the business continuity of critical information infrastructure; (iii) the security, openness, transparency and diversity of sources of the product or service, the reliability of supply channels, and risks of supply disruption due to political, diplomatic, trade and other factors; (iv) compliance with PRC laws, administrative regulations and departmental rules by the provider of the product or service; (v) the risk of core data, important data or a large amount of personal information being stolen, leaked, damaged, illegally used, or illegally transmitted overseas; (vi) the risk that critical information infrastructure, core data, important data or a large amount of personal information being affected, controlled, and maliciously used by foreign governments for a listing, as well as network information security risks; and (vii) other factors that may endanger the security of critical information infrastructure, cybersecurity and data security.

The PRC regulatory authorities have also enhanced the supervision and regulation on cross-border data transfer. For example, on July 7, 2022, the CAC promulgated the Measures for the Security Assessment of Cross-border Data Transfer, which came into effect on September 1, 2022. These measures require a data processor providing data to overseas recipients and falling under any of the specified circumstances to apply for a security assessment of cross-border data transfer by the national cybersecurity authority through its local counterpart. On February 22, 2023, the CAC promulgated the Measures on the Standard Contract for Cross-border Transfer of Personal Information, which became effective on June 1, 2023. These measures require personal information processors providing personal information to overseas recipients by entering into standard contracts and falling under any of the specified circumstances to file with the local counterpart of the CAC within ten business days from the effective date of the relevant standard contracts. Furthermore, on March 22, 2024, the CAC promulgated the Provisions on Promoting and Standardizing Cross-Border Data Transfer, which set forth the circumstances exempted from performing the security assessment or filing procedures for cross-border data transfer and further clarify the thresholds and scenarios for data processors to go through these procedures as stipulated under the aforementioned measures. However, substantial uncertainties still exist with respect to the interpretation and implementation of these measures in practice and how they will affect our business operation and the value of our securities.

On September 24, 2024, the CAC promulgated the Regulations for the Administration of Network Data Security, which came into effect on January 1, 2025. The Regulations for the Administration of Network Data Security restates and further specifies the legal requirements for personal information, important data, cross-border data transfer, network platform services, and data security. Among others, if the network data processing activities have or may have impacts on national security, such activities shall be subject to national security review in accordance with relevant laws and regulations. Any failure to comply with such requirements may subject us to suspension of services, fines, revocation of relevant business permits or business licenses and other penalties.

Regulation Related to Intellectual Property

Patent

Patents in the PRC are principally protected under the PRC Patent Law, which was initially promulgated by the SCNPC in 1984 and was most recently amended in 2020. 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 are extended to fifteen years, in each case from the date of application.

Copyright

Copyrights in the PRC, including software copyrights, is principally protected under the PRC Copyright Law, which took effect in 1991 and was most recently amended in November 2020 and other related rules and regulations. Under the PRC Copyright Law, the term of protection for software copyrights is 50 years. The Regulation on the Protection of the Right to Communicate Works to the Public over Information Networks, as most recently amended on January 30, 2013, provides specific rules on fair use, statutory license, and a safe harbor for use of copyrights and copyright management technology and specifies the liabilities of various entities for violations, including copyright holders, libraries and Internet service providers.

Trademark

Registered trademarks are protected under the PRC Trademark Law, which was adopted by the SCNPC in 1982 and most recently amended in 2019, as well as the Implementation Regulations of the PRC Trademark Law adopted by the State Council in 2002 and most recently amended in 2014 and other related rules and regulations. The State Intellectual Property Office, formerly known as the Trademark Office of the State Administration for Industry and Commerce, handles trademark registrations and grants a protection term of ten years to registered trademarks and the term may be renewed for another ten-year period upon request by the trademark owner.

Domain Name

Domain names are protected under the Administrative Measures on Internet Domain Names promulgated by the MIIT on August 24, 2017 and effective since November 1, 2017. Domain name registrations are handled through domain name service agencies established under the relevant regulations, and applicants become domain name holders upon successful registration.

Regulation Related to Employment, Social Insurance and Housing Fund

Pursuant to the PRC Labor Law, which was promulgated in 1994 and most recently amended in 2018, and the PRC Labor Contract Law, which was promulgated on June 29, 2007 and amended on December 28, 2012, employers must execute written labor contracts with full-time employees. All employers must comply with local minimum wage standards. Violations of the PRC Labor Contract Law and the PRC Labor Law may result in the imposition of fines and other administrative and criminal liability in the case of serious violations.

In addition, according to the PRC Social Insurance Law implemented on July 1, 2011 and most recently amended on December 29, 2018 and the Regulations on the Administration of Housing Funds, which was promulgated by the State Council in 1999 and most recently amended in 2019, employers in China must provide employees with welfare schemes covering pension insurance, unemployment insurance, maternity insurance, work-related injury insurance, and medical insurance and housing funds.

Regulation Related to Foreign Exchange and Dividend Distribution

Regulation on Foreign Currency Exchange

The principal regulations governing foreign currency exchange in China are the Foreign Exchange Administration Regulations, as most recently amended in 2008. Under PRC foreign exchange regulations, payments of current account items, such as profit distributions, interest payments and trade and service-related foreign exchange transactions, can be made in foreign currencies without prior approval from the State Administration of Foreign Exchange, or SAFE, by complying with certain procedural requirements. By contrast, approval from or registration with appropriate government authorities is required where RMB is to be converted into foreign currency and remitted out of China to pay capital account items, such as direct investments, repayment of foreign currency-denominated loans, repatriation of investments and investments in securities outside of China.

In 2012, SAFE promulgated the Circular of Further Improving and Adjusting Foreign Exchange Administration Policies on Foreign Direct Investment, or Circular 59, which substantially amends and simplifies the previous foreign exchange procedure. Pursuant to Circular 59, the opening and deposit of various special purpose foreign exchange accounts, such as pre-establishment expenses accounts, foreign exchange capital accounts and guarantee accounts, the reinvestment of RMB proceeds derived 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, which was not possible previously. In 2013, SAFE promulgated the Notice on Promulgation of the Provisions on Foreign Exchange Control on Direct Investments in China by Foreign Investors and Supporting Documents, which specified 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. In February 2015, SAFE promulgated the Notice on Further Simplifying and Improving the Administration of the Foreign Exchange Concerning Direct Investment, or SAFE Notice 13. Instead of applying for approvals regarding foreign exchange registrations of foreign direct investment and overseas direct investment from SAFE, entities and individuals may apply for such foreign exchange registrations from qualified banks. The qualified banks, under the supervision of SAFE, may directly review the applications, conduct the registration and perform statistical monitoring and reporting responsibilities.

In March 2015, SAFE promulgated the Circular of the SAFE on Reforming the Management Approach regarding the Settlement of Foreign Capital of Foreign-invested Enterprise, or Circular 19, which expands a pilot reform of the administration of the settlement of the foreign exchange capitals of foreign-invested enterprises nationwide. Circular 19 allows all foreign-invested enterprises established in the PRC to settle their foreign exchange capital on a discretionary basis according to the actual needs of their business operation, provides the procedures for foreign invested companies to use RMB converted from foreign currency-denominated capital for equity investments and removes certain other restrictions under previous rules and regulations. However, Circular 19 continues to prohibit foreign-invested enterprises from, among other things, using RMB funds converted from their foreign exchange capital for expenditure beyond their business scope, direct or indirect securities investment and providing entrusted loans or repaying loans between non-financial enterprises. SAFE promulgated the Notice of the State Administration of Foreign Exchange on Reforming and Standardizing the Foreign Exchange Settlement Management Policy of Capital Account, or Circular 16, effective in June 2016, which reiterates some of the rules set forth in Circular 19. Circular 16 provides that discretionary foreign exchange settlement applies to foreign exchange capital, foreign debt offering proceeds and remitted foreign listing proceeds, and the corresponding RMB capital converted from foreign exchange may be used to extend loans to related parties or repay inter-company loans (including advances by third parties). However, there are substantial uncertainties with respect to Circular 16's interpretation and implementation in practice.

In January 2017, SAFE promulgated the Circular on Further Improving Reform of Foreign Exchange Administration and Optimizing Genuineness and Compliance Verification, or Circular 3, which stipulates several capital control measures with respect to the outbound remittance of profits from domestic entities to offshore entities, including (i) banks must check whether the transaction is genuine by reviewing board resolutions regarding profit distribution, original copies of tax filing records and audited financial statements and stamp with the outward remittance sum and date on the original copies of tax filing records, and (ii) domestic entities must retain income to account for previous years' losses before remitting any profits. Moreover, pursuant to Circular 3, domestic entities must explain in detail the sources of capital and how the capital will be used, and provide board resolutions, contracts and other proof as a part of the registration procedure for outbound investment.

On October 23, 2019, SAFE issued Circular of the State Administration of Foreign Exchange on Further Promoting the Facilitation of Cross-border Trade and Investment, or the Circular 28, which took effect on the same day. Circular 28 allows non-investment foreign-invested enterprises to use their capital funds to make equity investments in China, with genuine investment projects and in compliance with effective foreign investment restrictions and other applicable laws. On December 4, 2023, SAFE issued the Notice on Further Deepening Reforms to Promote the Facilitation of Trade and Investment, which provides that qualified high-tech, "professional, sophisticated, unique and new" and technology-based small and medium-sized enterprises in specified areas can borrow foreign debt on their own within an amount not exceeding the equivalent of US$10 million. In addition, this notice restructured the asset realization account of capital accounts to the settlement account of capital accounts. The equity transfer consideration funds in foreign currency received by a domestic equity transferor (including institutions and individuals) from domestic parties, as well as the foreign exchange funds raised by domestic enterprises through overseas listing, may be directly remitted to the settlement account of capital accounts. Funds in the settlement account of capital accounts may be settled and used at discretion. However, there are still uncertainties as to the interpretation and implementation of relevant laws and regulations in practice.

Regulation on Dividend Distribution

The principal regulations governing dividends distributions by companies include the PRC Company Law, the Foreign Invested Enterprise Law and its implementing rules. Under these laws and regulations, both domestic companies and foreign-invested companies in the PRC are required to set aside as general reserves at least 10% of their after-tax profit, until the cumulative amount of their reserves reaches 50% of their registered capital unless the laws and regulations regarding foreign investment provide otherwise. PRC companies are not permitted to distribute any profits until any losses from prior fiscal years have been offset. Profits retained from prior fiscal years may be distributed together with distributable profits from the current fiscal year.

Regulation on Foreign Exchange Registration of Overseas Investment by PRC Residents

In 2014, SAFE issued the SAFE Circular on Relevant Issues Relating to Domestic Resident's Investment and Financing and Roundtrip Investment through Special Purpose Vehicles, or SAFE Circular 37. SAFE Circular 37 regulates foreign exchange matters in relation to the use of special purpose vehicles by PRC residents or entities to seek offshore investment and financing or conduct round trip investment in China. Under SAFE Circular 37, a "special purpose vehicle" refers to an offshore entity established or controlled, directly or indirectly, by PRC residents or entities for the purpose of seeking offshore financing or making offshore investment, using legitimate onshore or offshore assets or interests, while "round trip investment" refers to direct investment in China by PRC residents or entities through special purpose vehicles, namely, establishing foreign-invested enterprises to obtain ownership, control rights and management rights. SAFE Circular 37 provides that, before making a contribution into a special purpose vehicle, PRC residents or entities are required to complete foreign exchange registration with SAFE or its local branch.

In 2015, the SAFE Notice 13 amended SAFE Circular 37 by requiring PRC residents or entities to register with qualified banks rather than SAFE or its local branch in connection with their establishment or control of an offshore entity established for the purpose of overseas investment or financing. PRC residents or entities who had contributed legitimate onshore or offshore interests or assets to special purpose vehicles but had not registered as required before the implementation of the SAFE Circular 37 must register their ownership interests or control in the special purpose vehicles with qualified banks. An amendment to the registration is required if there is a material change with respect to the special purpose vehicle registered, such as any change of basic information (including change of the PRC residents, name and operation term), increases or decreases in investment amount, transfers or exchanges of shares, and mergers or divisions. Failure to comply with the registration procedures set forth in SAFE Circular 37 and the subsequent notice, or making misrepresentations or failing to disclose the control of the foreign-invested enterprise that is established through round-trip investment, may result in restrictions being imposed on the foreign exchange activities of the relevant foreign-invested enterprise, including payment of dividends and other distributions, such as proceeds from any reduction in capital, share transfer or liquidation, to its offshore parent or affiliate, and the capital inflow from the offshore parent, and may also subject relevant PRC residents or entities to penalties under PRC foreign exchange administration regulations.

Regulation Related to Stock Incentive Plans

In February 2012, SAFE promulgated the Notice on Foreign Exchange Administration of PRC Residents Participating in Share Incentive Plans of Offshore Listed Companies, or the Stock Option Rules, replacing the previous rules issued by SAFE in March 2007. Under the Stock Option Rules and other relevant rules and regulations, domestic individuals, which means the PRC residents and non-PRC citizens residing in China for a continuous period of not less than one year, subject to a few exceptions, who participate in a stock incentive plan in an overseas publicly-listed company are required to register with SAFE or its local branches and complete certain other procedures. Participants of a stock incentive plan who are PRC residents must retain a qualified PRC agent, which could be a PRC subsidiary of the overseas publicly-listed company or another qualified institution selected by the PRC subsidiary, to conduct the SAFE registration and other procedures with respect to the stock incentive plan on behalf of its participants. The participants must also retain an overseas entrusted institution to handle matters in connection with their exercise of stock options, the purchase and sale of corresponding stocks or interests and fund transfers. In addition, the PRC agent is required to amend the SAFE registration with respect to the stock incentive plan if there is any material change to the stock incentive plan, the PRC agent or the overseas entrusted institution or other material changes. The PRC agents must, on behalf of the PRC residents who have the right to exercise the employee share options, apply to SAFE or its local branches for an annual quota for the payment of foreign currencies in connection with the PRC residents' exercise of the employee share options. The foreign exchange proceeds received by the PRC residents from the sale of shares under the stock incentive plans granted and dividends distributed by the overseas listed companies must be remitted into the bank accounts in the PRC opened by the PRC agents before distribution to such PRC residents. In addition, SAFE Circular 37 provides that PRC residents who participate in a share incentive plan of an overseas unlisted special purpose company may register with SAFE or its local branches before exercising rights.

Regulation Related to Tax

Enterprise Income Tax

Under the Enterprise Income Tax Law of the PRC, or the EIT Law, which became effective on January 1, 2008 and was most recently amended on December 29, 2018, and its implementing rules, enterprises are classified as resident enterprises and non-resident enterprises. PRC resident enterprises typically pay an enterprise income tax at the rate of 25% while non-PRC resident enterprises without any branches in the PRC should pay an enterprise income tax in connection with their income from the PRC at the tax rate of 10%. An enterprise established outside of the PRC with its "de facto management body" located within the PRC is considered a "resident enterprise," meaning that it can be treated in a manner similar to a PRC domestic enterprise for enterprise income tax purposes. The implementing rules of the EIT Law define a de facto management body as a managing body that in practice exercises "substantial and overall management and control over the production and operations, personnel, accounting, and properties" of the enterprise. Enterprises qualified as "High and New Technology Enterprises" are entitled to a 15% enterprise income tax rate rather than the 25% uniform statutory tax rate.

The EIT Law and its implementation rules provide that an income tax rate of 10% should normally be applicable to dividends payable to investors that are "non-resident enterprises," and gains derived by such investors, which (a) do not have an establishment or place of business in the PRC or (b) have an establishment or place of business in the PRC, but the relevant income is not effectively connected with the establishment or place of business to the extent such dividends and gains are derived from sources within the PRC. Such income tax on the dividends may be reduced pursuant to a tax treaty between China and other jurisdictions. 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, or the Double Tax Avoidance Arrangement, and other applicable PRC laws, if a Hong Kong resident enterprise is determined by the competent PRC tax authority to have satisfied the relevant conditions and requirements under such Double Tax Avoidance Arrangement and other applicable laws, the 10% withholding tax on the dividends the Hong Kong resident enterprise receives from a PRC resident enterprise may be reduced to 5% upon receiving approval from the in-charge tax authority. However, based on the Notice on Certain Issues with Respect to the Enforcement of Dividend Provisions in Tax Treaties issued on February 20, 2009 by the SAT, if the relevant PRC tax authorities determine, in their discretion, that a company benefits from such reduced income tax rate due to a structure or arrangement that is primarily tax-driven, such PRC tax authorities may adjust the preferential tax treatment; and based on the Announcement on Relevant Issues Concerning the "Beneficial Owners" in Tax Treaties issued on February 3, 2018 by the SAT and effective from April 1, 2018, comprehensive analysis based on the stipulated factor therein and actual circumstances shall be adopted when recognizing the "beneficial owner" and agents and designated wire beneficiaries are specifically excluded from being recognized as "beneficial owners".

Value-Added Tax

Pursuant to the Provisional Regulations on Value-Added Tax of the PRC and its implementation regulations, unless otherwise stipulated by relevant laws and regulations, any entity or individual engaged in the sales of goods, provision of processing, repairs and replacement services and importation of goods into China is generally required to pay a value-added tax, or VAT, for revenues generated from sales of products, while qualified input VAT paid on taxable purchases can be offset against such output VAT.

VAT of a rate of 6% applies to revenue derived from the provision of some modern services. Certain small taxpayers under PRC law are subject to reduced value-added tax at a rate of 3%.

On April 4, 2018, the MOF and the SAT issued the Notice on Adjustment of VAT Rates, which took effect on May 1, 2018 and provides that the taxable goods previously subject to VAT rates of 17% and 11% respectively are subject to lower VAT rates of 16% and 10% respectively starting from May 1, 2018. Furthermore, according to the Announcement on Relevant Policies for Deepening Value-added Tax Reform jointly promulgated by the MOF, the SAT and the General Administration of Customs, which became effective on April 1, 2019, the taxable goods previously subject to VAT rates of 16% and 10% respectively become subject to lower VAT rates of 13% and 9% respectively starting from April 1, 2019.

On December 25, 2024, the SCNPC promulgated the Value-Added Tax Law of the People's Republic of China, which will become effective on January 1, 2026, at which time the Provisional Regulations on Value-added Tax will be abolished concurrently. According to the Value-Added Tax Law, once it becomes effective, the VAT rates applicable to general taxpayers will be 13%, 9%, 6% and 0%, and the VAT rate for calculating and paying VAT using the simplified tax calculation method will be 3%.

Regulations on M&A Rules and Overseas Listings

On August 8, 2006, six PRC regulatory agencies, including the CSRC, or the CSRC, adopted the Regulations on Mergers of Domestic Enterprises by Foreign Investors, or the M&A Rules, which became effective on September 8, 2006 and was amended on June 22, 2009. Foreign investors shall comply with the M&A Rules when they purchase equity interests of a domestic company or subscribe the increased capital of a domestic company, and thus changing the nature of the domestic company into a foreign-invested enterprise; or when the foreign investors establish a foreign-invested enterprise in the PRC, purchase the assets of a domestic company and operate the assets; or when the foreign investors purchase the asset of a domestic company, establish a foreign-invested enterprise by injecting such assets and operate the assets. The M&A Rules purport, among other things, to require offshore special purpose vehicles formed for overseas listing purposes through acquisitions of PRC domestic companies and controlled by PRC companies or individuals, to obtain the approval of the CSRC prior to publicly listing their securities on an overseas stock exchange.

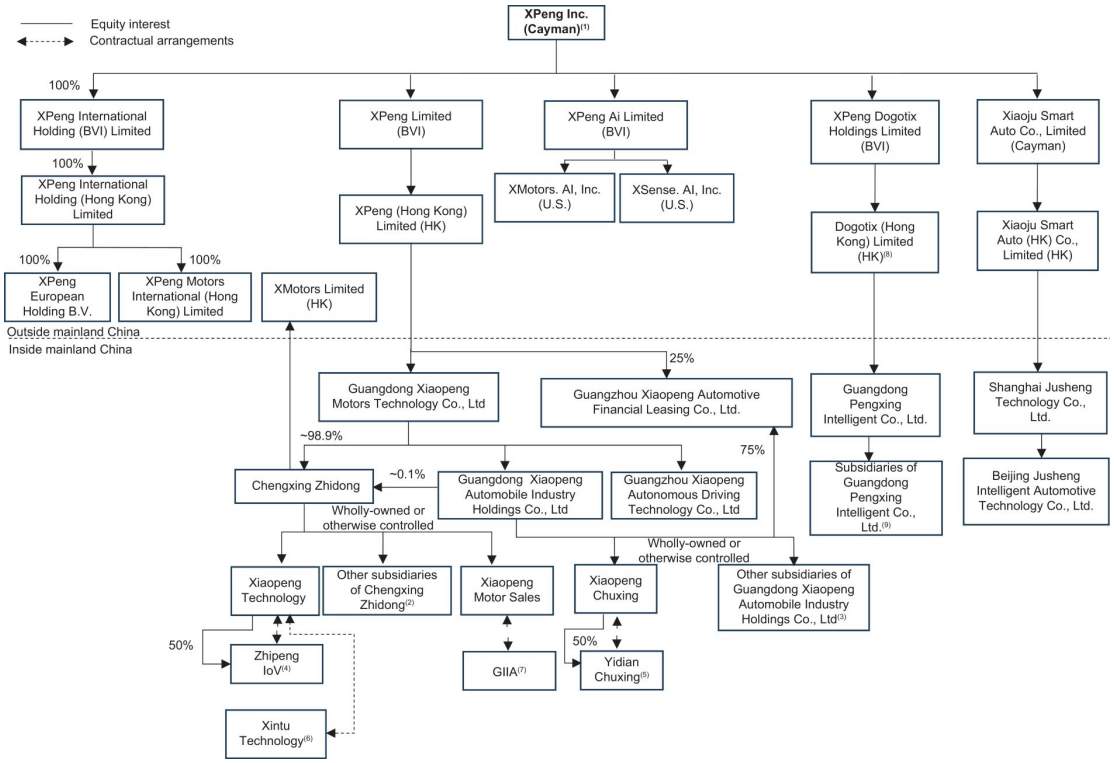
Furthermore, certain PRC regulatory authorities issued Opinions on Strictly Cracking Down on Illegal Securities Activities, which were available to the public on July 6, 2021 and emphasized the need to strengthen the administration over illegal securities activities and the supervision on overseas listings by China-based companies, and proposed to take effective measures, such as promoting the construction of relevant regulatory systems to deal with the risks and incidents faced by China-based overseas-listed companies, and provided that the special provisions of the State Council on overseas offering and listing by those companies limited by shares will be revised and therefore the duties of domestic industry competent authorities and regulatory authorities will be clarified.

On February 17, 2023, the CSRC promulgated the Overseas Listing Trial Measures, and relevant five guidelines on the application of Regulatory Rules, which took effect from March 31, 2023, requiring Chinese domestic companies' overseas securities offerings or listings be filed with the CSRC. The Overseas Listing Trial Measures clarify the scope of overseas offerings or listings by Chinese domestic companies which are subject to the filing and reporting requirements thereunder, and provide, among others, that Chinese domestic companies that have already directly or indirectly offered and listed securities in overseas markets prior to the effectiveness of the Overseas Listing Trial Measures shall fulfil their filing obligations and report relevant information to the CSRC within three working days after conducting a follow-on securities offering on the same overseas market, and follow the relevant reporting requirements within three working days upon the occurrence and public disclosure of any specified circumstances provided thereunder, including (i) change of control; (ii) investigations or sanctions imposed by overseas securities regulatory agencies or other relevant competent authorities; (iii) change of listing status or transfer of listing segment; (iv) voluntary or mandatory delisting. In addition, where the main business of an issuer undergoes material change after overseas offering and listing, and is therefore beyond the scope of business stated in the filing documents, such issuer shall follow the relevant reporting requirements within three working days after occurrence of the changes. For violations of these provisions or measures, the competent Chinese authorities may impose administrative regulatory measures, such as orders for correction, warnings, fines, and may pursue legal liability in accordance with law.

Furthermore, on February 24, 2023, the CSRC, together with certain other PRC governmental authorities, promulgated the Provisions on Strengthening Confidentiality and Archives Administration of Overseas Securities Offering and Listing by Domestic Companies ("Revised Confidentiality and Archives Administration Provisions"), which came into effect on March 31, 2023. According to the Revised Confidentiality and Archives Administration Provisions, Chinese companies that directly or indirectly conduct overseas offerings and listings, shall strictly abide by the relevant laws and regulations on confidentiality when providing or publicly disclosing, either directly or through their overseas listed entities, documents and materials to securities service providers such as securities companies and accounting firms or overseas regulators in the process of their overseas offering and listing. In the event such documents or materials contain state secrets or working secrets of government agencies, the Chinese companies shall first obtain approval from competent authorities according to law, and file with the secrecy administrative department at the same level with the approving authority; in the event that such documents or materials, if divulged, will jeopardize national security or public interest, the Chinese companies shall strictly fulfill relevant procedures stipulated by applicable national regulations. The Chinese companies shall also provide a written statement of the specific state secrets and sensitive information provided when providing documents and materials to securities companies and securities service providers, and the securities companies and securities service providers shall properly retain such written statements for inspection. According to the Revised Confidentiality and Archives Administration Provisions, where overseas securities regulators or relevant competent authorities request to inspect, investigate or collect evidence from Chinese domestic companies concerning their overseas offering and listing or their securities companies and securities service providers that undertake securities business for such Chinese domestic companies, such inspection, investigation and evidence collection must be conducted under the cross-border regulatory cooperation mechanism, and the CSRC or competent authorities of the Chinese government will provide necessary assistance pursuant to bilateral and multilateral cooperation mechanism.

C. Organizational Structure

The following diagram illustrates our corporate structure as of March 31, 2025. Certain entities that are immaterial to our results of operations, business and financial condition are omitted. Except as otherwise specified, equity interests depicted in this diagram are held as to 100%.



(1) Investors in our Class A ordinary shares and ADSs are purchasing equity interest in XPeng Inc.

(2) Includes (i) 139 subsidiaries that are wholly-owned by Chengxing Zhidong, (ii) six subsidiaries and three limited partnerships of which a majority equity interest is held by Chengxing Zhidong, and (iii) Zhaoqing Xiaopeng New Energy, of which 100% equity interest was held by Chengxing Zhidong. Chengxing Zhidong and its subsidiaries are primarily involved in research and development, manufacturing and selling our Smart EVs and providing after-sales services. Zhaoqing Xiaopeng New Energy holds an Enterprise Investment Project Filing Certificate of Guangdong Province for the Zhaoqing plant and has been listed in Announcement of the Vehicle Manufacturers and Products issued by the MIIT, which enables it to be a qualified manufacturer of EVs.
(3) Includes six subsidiaries that are wholly-owned by Guangdong Xiaopeng Automobile Industry Holdings Co., Ltd. Guangdong Xiaopeng Automobile Industry Holdings Co., Ltd. and its subsidiaries are primarily involved in providing value-added services.
(4) 50% of equity interest in Zhipeng IoV is held by us, and Mr. Zhiyuan Chen holds the other 50% of the equity interest in Zhipeng IoV.
(5) 50% of equity interest in Yidian Chuxing is held by us, and Mr. Dawu Zhao holds the other 50% of the equity interest in Yidian Chuxing.
(6) Xintu Technology is wholly owned by Kuntu Technology. The ultimate holding company of Kuntu Technology is Guangzhou Chengpeng Technology Co., Ltd., in which Ms. Chuxu Li holds 100% of the equity interest, respectively.
(7) GIIA is wholly owned by Guangzhou Xuetao, and Mr. Yeqing Zheng, our vice president, holds 100% equity interest in Guangzhou Xuetao.
(8) Wholly held by XPeng Dogotix Holdings Limited through intermediary holding entities.
(9) Includes three subsidiaries wholly owned by Guangdong Pengxing Intelligent Co., Ltd., being Shenzhen Pengxing Intelligent Co., Ltd., Shenzhen Pengxing Smart Research Co., Ltd., and Shenzhen Pengxing Intelligent Technology Innovation Co., Ltd. Guangdong Pengxing Intelligent Co., Ltd. and its subsidiaries are primarily involved in research and development of robots with human-robot interaction functions.

Contractual Arrangements with the Group VIEs and Their Shareholders

XPeng Inc. is a Cayman Islands holding company, and the Group's operations are primarily conducted through its subsidiaries in China and through contractual arrangements with the Group VIEs. Under the PRC laws and regulations, (i) the provision of value-added telecommunication service in the PRC is generally subject to foreign investment restrictions and license requirements, and therefore, we operate such business in China through Zhipeng IoV and Yidian Chuxing, which both operated our mobile Apps; (ii) the operation of land surface mobile surveying and preparation of true three-dimensional maps and navigation electronic maps is subject to foreign investment prohibitions and license requirements, and therefore, we operate such business in China through Xintu Technology and its subsidiary, which is Zhipeng Kongjian, which is primarily engaged in the operation of land surface mobile surveying and preparation of true three-dimensional maps and navigation electronic maps. We are seeking to restore our possession of Surveying and Mapping Qualification Certificate to develop mapping and navigation solutions that will improve customers' driving experience; and (iii) the provision of insurance agency service in the PRC is subject to foreign investment restrictions and license requirements, and therefore, we operate such business in China through GIIA, which is primarily engaged in the business of providing insurance agency services.

We have entered into a series of contractual arrangements with each of Zhipeng IoV, Yidian Chuxing, Xintu Technology and GIIA, each a Group VIE, and its respective affiliate shareholders, as described in more details below, including (i) power of attorney agreements, equity interest pledge agreements and loan agreements, which provide us with effective control over such Group VIEs; (ii) exclusive service agreements, which allow us to receive substantially all of the economic benefits from such Group VIEs; and (iii) exclusive option agreements, which provide us with exclusive options to purchase all or part of the equity interests in or all or part of the assets of or inject registered capital into such Group VIEs when and to the extent permitted by PRC law.

As a result of these contractual arrangements, we maintain a controlling financial interest as the primary beneficiary of the Group VIEs for accounting purposes (as defined in US GAAP, ASC 810). We have consolidated their financial results in our consolidated financial statements without owning a majority equity interest in Zhipeng IoV or Yidian Chuxing or any equity interest in Xintu Technology or GIIA. The Group VIEs do not have a material contribution to the Group's results of operations and the Group VIEs do not support material revenues reported within other subsidiaries of our company.

In the opinion of Fangda Partners, our PRC legal counsel:

- the ownership structures of Xiaopeng Technology, Xiaopeng Chuxing, Xiaopeng Motors Sales and each of the Group VIEs in China do not and will not violate any applicable PRC law, regulation, or rule currently in effect; and
- the contractual arrangements among Xiaopeng Technology, Xiaopeng Chuxing, Xiaopeng Motors Sales, each of the Group VIEs and their shareholders governed by PRC laws are valid, binding and enforceable in accordance with their terms and applicable PRC laws, rules, and regulations currently in effect, and will not violate any applicable PRC law, regulation, or rule currently in effect.

However, there are substantial uncertainties regarding the interpretation and application of current or future PRC laws and regulations related to the contractual arrangements. We have been further advised by our PRC legal counsel that if the PRC government finds that the agreements that establish the structure for operating our business do not comply with PRC government restrictions on foreign investment in the aforesaid business we engage in, we could be subject to severe penalties including being prohibited from continuing operations. See "Item 3. Key Information—D. Risk Factors—Risks Relating to Our Corporate Structure."

All the agreements under our contractual arrangements are governed by PRC laws and provide for the resolution of disputes through arbitration or court proceedings in China. For additional information, see "Item 3. Key Information—D. Risk Factors—Risks Relating to Our Corporate Structure—We rely on contractual arrangements with the Group VIEs and their respective affiliate shareholders to operate certain businesses that do not have and are not expected in the foreseeable future to have material revenue contributions to the Group. Such contractual arrangements may not be as effective as direct ownership in providing operational control and otherwise have a material adverse effect as to our business."

The following is a summary of the currently effective contractual arrangements by and among (i) Xiaopeng Technology, Zhipeng IoV and its individual shareholders, (ii) Xiaopeng Chuxing, Yidian Chuxing and its individual shareholders, (iii) Xiaopeng Technology, Xintu Technology and its shareholder and (iv) Xiaopeng Motors Sales, GIIA, Guangzhou Xuetao and its individual shareholder.

Contractual Arrangements with Zhipeng IoV and Its Individual Shareholder(s)

Exclusive Service Agreement

Under the exclusive service agreement executed in September 2021 (the "Zhipeng IoV 2021 Exclusive Service Agreement"), Zhipeng IoV appointed Xiaopeng Technology as its exclusive services provider to provide Zhipeng IoV with services related to Zhipeng IoV's business during the term of the Zhipeng IoV 2021 Exclusive Service Agreement. In light of the relevant changes in Zhipeng IoV's shareholding structure in 2024, Zhipeng IoV and Xiaopeng Technology further entered into an exclusive service agreement on April 20, 2024 (the "Zhipeng IoV 2024 Exclusive Service Agreement"), which replaced the Zhipeng IoV 2021 Exclusive Service Agreement. Pursuant to the Zhipeng IoV 2024 Exclusive Service Agreement, in consideration for the services provided by Xiaopeng Technology, Zhipeng IoV shall pay Xiaopeng Technology annual fees, which should be mutually agreed by both parties and can be adjusted according to Xiaopeng Technology's suggestion to the extent permitted by PRC law. Unless terminated in accordance with the provisions of the Zhipeng IoV 2024 Exclusive Service Agreement or terminated in writing by Xiaopeng Technology, the Zhipeng IoV 2024 Exclusive Service Agreement shall remain effective for 20 years from April 20, 2024 , and can be automatically renewed for one year every sequent year unless otherwise terminated in accordance with the terms of the Zhipeng IoV 2024 Exclusive Service Agreement or by a written notice served by Xiaopeng Technology. The Zhipeng IoV 2024 Exclusive Service Agreement also provides that Xiaopeng Technology has the exclusive proprietary rights in any and all intellectual property rights which are developed by Zhipeng IoV at the request of Xiaopeng Technology or are developed by the parties jointly. Our directors consider that the above arrangements will ensure the economic benefits generated from the operations of Zhipeng IoV will flow to Xiaopeng Technology and hence, our company as a whole.

Loan Agreement

Pursuant to the loan agreement executed in September 2021 (the "Zhipeng IoV 2021 Loan Agreement"), Xiaopeng Technology provided the then individual shareholders of Zhipeng IoV with a loan in the aggregate amount of RMB5.0 million to fund business activities as permitted by Xiaopeng Technology. The then individual shareholders agreed that the proceeds from the transfer of their respective equity interests in Zhipeng IoV, pursuant to the exercise of the right to acquire such equity interest by Xiaopeng Technology under the exclusive option agreement, may be used by such individual shareholders to repay the loan to the extent permitted under PRC law. The Zhipeng IoV 2021 Loan Agreement will remain effective until the earlier of (i) 20 years after the execution date of the Zhipeng IoV 2021 Loan Agreement; (ii) the expiry date of Xiaopeng Technology's licensed operating period; and (iii) the expiry date of Zhipeng IoV's licensed operating period. During the term of Zhipeng IoV 2021 Loan Agreement, Xiaopeng Technology has the right, at its sole and absolute discretion, to accelerate maturity of loan at any time. On April 20, 2024, the former individual shareholders of Zhipeng IoV, the current individual shareholder of Zhipeng IoV and Xiaopeng Technology entered into a tri-party loan assignment agreement (the "Zhipeng IoV Loan Assignment Agreement"), pursuant to which the former individual shareholders of Zhipeng IoV assigned all of their rights and obligations under the Zhipeng IoV 2021 Loan Agreement to the current individual shareholder of Zhipeng IoV, and Xiaopeng Technology agreed that the current individual shareholder of Zhipeng IoV to assume all of the rights and obligations of the former individual shareholders of Zhipeng IoV under the Zhipeng IoV 2021 Loan Agreement.

Equity Interest Pledge Agreement

On April 20, 2024, the current individual shareholder of Zhipeng IoV, Zhipeng IoV and Xiaopeng Technology entered into an equity interest pledge agreement (the "Zhipeng IoV 2024 Equity Interest Pledge Agreement"), which replaced the equity interest pledge agreement previously executed in September 2021 by and among the then individual shareholders of Zhipeng IoV, Zhipeng IoV and Xiaopeng Technology. Pursuant to the Zhipeng IoV 2024 Equity Interest Pledge Agreement, the current individual shareholder of Zhipeng IoV has pledged all its equity interests in Zhipeng IoV as a security interest, as applicable, to guarantee Zhipeng IoV and such shareholder's performance of their respective obligations under the relevant contractual arrangements, which include the Zhipeng IoV 2024 Exclusive Service Agreement, the Zhipeng IoV 2024 Exclusive Option Agreement, the Zhipeng IoV 2024 Power of Attorney, the Zhipeng IoV 2021 Loan Agreement and the Zhipeng IoV Loan Assignment Agreement. If Zhipeng IoV or its current individual shareholder breaches their respective contractual obligations under these agreements, Xiaopeng Technology, as pledgee, will be entitled to certain rights regarding the pledged equity interests. In the event of any such breaches, upon giving written notice to Zhipeng IoV's current individual shareholder, Xiaopeng Technology to the extent permitted by PRC laws may exercise the right to enforce the pledge, which is being paid in priority with the equity interests of Zhipeng IoV from the proceeds from auction or sale of the equity interests. The current individual shareholder of Zhipeng IoV agrees that, during the term of the Zhipeng IoV 2024 Equity Interest Pledge Agreement, such shareholder shall not transfer the equity interests, place or permit the existence of any security interest or other encumbrance on the equity interests or any portion thereof, without the prior written consent of Xiaopeng Technology. Zhipeng IoV's current individual shareholder may receive dividends distributed on the equity interests only with the prior consent of Xiaopeng Technology. The Zhipeng IoV 2024 Equity Interest Pledge Agreement remains effective until all obligations under the relevant contractual agreements have been fully performed or all secured indebtedness have been fully paid, whichever is later.

The equity pledge under the Zhipeng IoV 2024 Equity Interest Pledge Agreement takes effect upon the completion of registration with the relevant PRC government authority. The registration of the equity interest pledge under the Zhipeng IoV 2024 Equity Interest Pledge Agreement, as required by the relevant laws and regulations, has been completed in accordance with PRC laws.

Power of Attorney

On April 20, 2024, the current individual shareholder of Zhipeng IoV, Zhipeng IoV and Xiaopeng Technology entered into a power of attorney (the "Zhipeng IoV 2024 Power of Attorney"), which replaced the power of attorney previously executed in September 2021 by and among each of the then individual shareholders of Zhipeng IoV, Zhipeng IoV and Xiaopeng Technology. Pursuant to the Zhipeng IoV 2024 Power of Attorney, the current individual shareholder of Zhipeng IoV has irrevocably undertaken to appoint Xiaopeng Technology or its designated persons (including but not limited to directors and their successors and liquidators replacing but excluding those non-independent or who may give rise to conflict of interests) to exercise the following rights relating to all equity interests held by the current individual shareholder of Zhipeng IoV during the term of the Zhipeng IoV 2024 Power of Attorney: to act on behalf of such shareholder as his exclusive agent and as his attorney-in-fact to exercise such shareholder's rights in Zhipeng IoV according to the articles of association of Zhipeng IoV, including but not limited to, the rights to (i) convene and participate in shareholders' meeting pursuant to the articles of Zhipeng IoV in the capacity of a proxy of the current individual shareholder of Zhipeng IoV; (ii) exercise the voting rights, and adopt resolutions, on matters to be discussed and resolved at shareholders' meetings and the appointment and election of directors, supervisors and other senior management of Zhipeng IoV to be appointed by the shareholders, dispose the company assets, amend the articles of Zhipeng IoV and exercise the rights of the current individual shareholder in the event of liquidation of Zhipeng IoV; (iii) sign or submit any required document to any company registry or other authorities in the capacity of a proxy of the current individual shareholder; (iv) to exercise rights of the current individual shareholder and any other voting rights of current individual shareholder under the relevant PRC laws and regulations and the articles of associations of Zhipeng IoV, as amended; (v) subject to (ii), to sign and execute any related documents including but not limited to share transfer agreements, asset transfer agreements and shareholder resolutions when there is a transfer of shareholding in Zhipeng IoV by the current individual shareholder in accordance with the Zhipeng IoV 2024 Exclusive Option Agreement, assets transfer, capital reduction or capital increase in Zhipeng IoV; and (vi) to instruct the directors and senior officers to act in accordance with the instruction of Xiaopeng Technology and its designated persons.

Subject to other terms in the Zhipeng IoV 2024 Power of Attorney, the Zhipeng IoV 2024 Power of Attorney shall remain effective for 20 years from April 20, 2024 and can be automatically renewed for one year every sequent year. The Zhipeng IoV 2024 Power of Attorney may be terminated by mutual agreement of the relevant parties in writing or when there is a breach of the Zhipeng IoV 2024 Power of Attorney by Zhipeng IoV or its current individual shareholder which is not remedied within a reasonable time or 10 days after being requested to remedy the breach.

Exclusive Option Agreement

On April 20, 2024, the current individual shareholder of Zhipeng IoV, Zhipeng IoV and Xiaopeng Technology entered into an exclusive option agreement (the "Zhipeng IoV 2024 Exclusive Option Agreement"), which replaced the exclusive option agreement previously executed in September 2021 by and among each individual shareholder of Zhipeng IoV at the time, Zhipeng IoV and Xiaopeng Technology. Pursuant to the Zhipeng IoV 2024 Exclusive Option Agreement, Zhipeng IoV and its current individual shareholder, jointly and severally, have irrevocably granted Xiaopeng Technology an irrevocable and exclusive right to purchase and require Zhipeng IoV's current individual shareholder to transfer, or designate one or more entities or persons to purchase and require Zhipeng IoV's current individual shareholder to transfer the equity interests in Zhipeng IoV then held by such current individual shareholder, and the assets of Zhipeng IoV, once or at multiple times at any time in part or in whole at Xiaopeng Technology's sole and absolute discretion to the extent permitted by PRC law. The purchase or transfer price for the equity interests in Zhipeng IoV shall be equal to the amount of relevant registered capital actually contributed by the current individual shareholder in Zhipeng IoV while the purchase price for the assets of Zhipeng IoV shall be equal to the net book value of such assets, and if such amount in each case is lower than the minimum price permitted by PRC law, the minimum price permitted by PRC law shall be the purchase price. This agreement will remain effective until all equity interests of Zhipeng IoV held by its current individual shareholders and all of Zhipeng IoV's assets have been transferred or assigned to Xiaopeng Technology or its designated entities or persons.

Subject to the relevant PRC laws and regulations, Zhipeng IoV's current individual shareholder has also undertaken that he will return to Xiaopeng Technology any consideration he receives in the event that Xiaopeng Technology exercises the options under the Zhipeng IoV 2024 Exclusive Option Agreement to acquire the equity interests in Zhipeng IoV.

Further, pursuant to the Zhipeng IoV 2024 Exclusive Option Agreement, Zhipeng IoV and its current individual shareholder have respectively undertaken to perform certain acts or refrain from performing certain other acts unless they have obtained prior approval from Xiaopeng Technology, including but not limited to matters including:

(1) The current individual shareholder shall not transfer or dispose in any manner the exclusive option or grant any security over or create any third party rights over the exclusive option;

(2) Zhipeng IoV shall not increase or reduce its registered capital, or cause it to merge with other entity;

(3) Zhipeng IoV shall not dispose of any material assets (other than in its ordinary course of business);

(4) Zhipeng IoV shall not terminate any material contract or enter into any contract that will conflict with existing material contracts;

(5) The current individual shareholder shall not appoint or remove any director, supervisor or any other officer that should be appointed by them;

(6) Zhipeng IoV shall not distribute any distributable profit, bonus or dividend;

(7) Zhipeng IoV shall not take any action (including inaction) that will affect its continued existence or adopt any action that will lead to the possibility of its cessation of business, liquidation or dissolution;

(8) Zhipeng IoV shall not amend its articles; and

(9) Zhipeng IoV shall not lend or borrow any fund, provide guarantee or any form of security, or undertake any substantial obligations other than in its ordinary business operation.

Contractual Arrangements with Yidian Chuxing and Its Shareholders

Exclusive Service Agreement

Under the exclusive service agreement executed in September 2021 (the "Yidian Chuxing 2021 Exclusive Service Agreement"), Yidian Chuxing appointed Xiaopeng Chuxing as its exclusive services provider to provide Yidian Chuxing with services related to Yidian Chuxing's business during the term of the Yidian Chuxing 2021 Exclusive Service Agreement. In light of the relevant changes in Yidian Chuxing's shareholding structure in 2024, Yidian Chuxing and Xiaopeng Chuxing further entered into an exclusive service agreement on April 20, 2024 (the "Yidian Chuxing 2024 Exclusive Service Agreement"), which replaced the Yidian Chuxing 2021 Exclusive Service Agreement. Pursuant to the Yidian Chuxing 2024 Exclusive Service Agreement, in consideration for the services provided by Xiaopeng Chuxing, Yidian Chuxing shall pay Xiaopeng Chuxing annual fees, which should be mutually agreed by both parties and can be adjusted according to Xiaopeng Chuxing's suggestion to the extent permitted by PRC law. Unless terminated in accordance with the provisions of the Yidian Chuxing 2024 Exclusive Service Agreement or terminated in writing by Xiaopeng Chuxing, the Yidian Chuxing 2024 Exclusive Service Agreement shall remain effective for 20 years, starting from April 20, 2024, and can be automatically renewed for one year every sequent year unless otherwise terminated in accordance with the terms of the Yidian Chuxing 2024 Exclusive Service Agreement or by a written notice served by Xiaopeng Chuxing. The Yidian Chuxing 2024 Exclusive Service Agreement also provides that Xiaopeng Chuxing has the exclusive proprietary rights in any and all intellectual property rights which are developed by Yidian Chuxing at the request of Xiaopeng Chuxing or are developed by the parties jointly. The above arrangements will ensure the economic benefits generated from the operations of Yidian Chuxing will flow to Xiaopeng Chuxing and hence, our company as a whole.

Loan Agreement

Pursuant to the loan agreement executed in September 2021 (the "Yidian Chuxing 2021 Loan Agreement"), Xiaopeng Chuxing provided the then individual shareholders of Yidian Chuxing with a loan in the aggregate amount of RMB5.0 million to fund business activities as permitted by Xiaopeng Chuxing. The then individual shareholders agreed that the proceeds from the transfer of their respective equity interests in Yidian Chuxing, pursuant to the exercise of the right to acquire such equity interests by Xiaopeng Chuxing under the exclusive option agreement, may be used by such individual shareholders to repay the loan to the extent permitted under PRC law. The Yidian Chuxing 2021 Loan Agreement will remain effective until the earlier of (i) 20 years after the execution date of the Yidian Chuxing 2021 Loan Agreement; (ii) the expiry date of Xiaopeng Chuxing's licensed operating period; and (iii) the expiry date of Yidian Chuxing's licensed operating period. During the term of Yidian Chuxing 2021 Loan Agreement, Xiaopeng Chuxing has the right, at its sole and absolute discretion, to accelerate maturity of loan at any time. On April 20, 2024, the former individual shareholders of Yidian Chuxing, the current individual shareholder of Yidian Chuxing and Xiaopeng Chuxing entered into a tri-party loan assignment agreement (the "Yidian Chuxing Loan Assignment Agreement"), pursuant to which the former individual shareholders of Yidian Chuxing assigned all of their rights and obligations under the Yidian Chuxing 2021 Loan Agreement to the current individual shareholder of Yidian Chuxing, and Xiaopeng Chuxing agreed that the current individual shareholder of Yidian Chuxing would assume all of the rights and obligations of the former individual shareholders of Yidian Chuxing under the Yidian Chuxing 2021 Loan Agreement.

Equity Interest Pledge Agreement

On April 20, 2024, the current individual shareholder of Yidian Chuxing, Yidian Chuxing and Xiaopeng Chuxing entered into an equity interest pledge agreement (the "Yidian Chuxing 2024 Equity Interest Pledge Agreement"), which replaced the equity interest pledge agreement previously executed in September 2021 by and among the then individual shareholders of Yidian Chuxing, Yidian Chuxing and Xiaopeng Chuxing. Pursuant to the Yidian Chuxing 2024 Equity Interest Pledge Agreement, the current individual shareholder of Yidian Chuxing has pledged all of such shareholder's equity interests in Yidian Chuxing as a security interest, as applicable, to guarantee Yidian Chuxing and its individual shareholder's performance of their respective obligations under the relevant contractual arrangements, which include the Yidian Chuxing 2024 Exclusive Service Agreement, the Yidian Chuxing 2024 Exclusive Option Agreement, the Yidian Chuxing 2024 Power of Attorney, the Yidian Chuxing 2021 Loan Agreement and the Yidian Chuxing Loan Assignment Agreement. If Yidian Chuxing or its current individual shareholder breaches their contractual obligations under these agreements, Xiaopeng Chuxing, as pledgee, will be entitled to certain rights regarding the pledged equity interests. In the event of such breaches, upon giving written notice to Yidian Chuxing's current individual shareholder, Xiaopeng Chuxing to the extent permitted by PRC laws may exercise the right to enforce the pledge, which is being paid in priority with the equity interests of Yidian Chuxing from the proceeds from auction or sale of the equity interests. The current individual shareholder of Yidian Chuxing agrees that, during the term of the Yidian Chuxing 2024 Equity Interest Pledge Agreement, such shareholder shall not transfer the equity interests, place or permit the existence of any security interests or other encumbrance on the equity interests or any portion thereof, without the prior written consent of Xiaopeng Chuxing. Yidian Chuxing's current individual shareholder may receive dividends distributed on the equity interests only with prior consent of Xiaopeng Chuxing. The Yidian Chuxing 2024 Equity Interest Pledge Agreement remains effective until all obligations under the relevant contractual agreements have been fully performed or all secured indebtedness have been fully paid, whichever is later.

The equity pledge under the Yidian Chuxing 2024 Equity Interest Pledge Agreement takes effect upon the completion of registration with the relevant PRC government authority. The registration of the equity interest pledge under the Yidian Chuxing 2024 Equity Interest Pledge Agreement, as required by the relevant laws and regulations, has been completed in accordance with PRC laws.

Power of Attorney

On April 20, 2024, the current individual shareholder of Yidian Chuxing, Yidian Chuxing and Xiaopeng Chuxing entered into a power of attorney (the "Yidian Chuxing 2024 Power of Attorney"), which replaced the power of attorney previously executed in September 2021 by and among each of the then individual shareholders of Yidian Chuxing, Yidian Chuxing and Xiaopeng Chuxing. Pursuant to the Yidian Chuxing 2024 Power of Attorney, the current individual shareholder of Yidian Chuxing has irrevocably undertaken to appoint Xiaopeng Chuxing or its designated persons (including but not limited directors and their successors and liquidators replacing but excluding those non-independent or who may give rise to conflict of interests) to exercise the following rights relating to all equity interests held by the current individual shareholders of Yidian Chuxing during the term of the Yidian Chuxing 2024 Power of Attorney: to act on behalf of such shareholder as his exclusive agent and as his attorney-in-fact to exercise such shareholder's rights in Yidian Chuxing according to the articles of association of Yidian Chuxing, including but not limited to, the rights to (i) convene and participate in shareholders' meeting pursuant to the articles of Yidian Chuxing in the capacity of a proxy of the current individual shareholder of Yidian Chuxing; (ii) exercise the voting rights, and adopt resolutions, on matters to be discussed and resolved at shareholders' meetings and the appointment and election of directors, supervisors and other senior management of Yidian Chuxing to be appointed by the shareholders, dispose the company assets, amend the articles of Yidian Chuxing and exercise the rights of the current individual shareholder in the event of liquidation of Yidian Chuxing; (iii) sign or submit any required document, which shall include meeting minutes, to any company registry or other authorities in the capacity of a proxy of the current individual shareholder; (iv) to exercise rights of the current individual shareholder and any other voting rights of the current individual shareholder under the relevant PRC laws and regulations and the articles of associations of Yidian Chuxing, as amended; (v) subject to (ii), to sign and execute any related documents including but not limited to share transfer agreements, asset transfer agreements and individual shareholder resolutions when there is a transfer of shareholding in Yidian Chuxing by the current individual shareholder in accordance with the Yidian Chuxing 2024 Exclusive Option Agreement, assets transfer, capital reduction or capital increase in Yidian Chuxing; and (vi) to instruct the directors and senior officers to act in accordance with the instruction of Xiaopeng Chuxing and its designated persons.

Subject to other terms in the Yidian Chuxing 2024 Power of Attorney, the Yidian Chuxing 2024 Power of Attorney shall remain effective for 20 years from April 20, 2024, and can be automatically renewed for one year every sequent year. The Yidian Chuxing 2024 Power of Attorney may be terminated by mutual agreement of the relevant parties in writing or when there is a breach of the Yidian Chuxing 2024 Power of Attorney by Yidian Chuxing or its current individual shareholder which is not remedied within a reasonable time or 10 days after being requested to remedy the breach.

Exclusive Option Agreement

On April 20, 2024, the current individual shareholder of Yidian Chuxing, Yidian Chuxing and Xiaopeng Chuxing entered into an exclusive option agreement (the "Yidian Chuxing 2024 Exclusive Option Agreement"), which replaced the exclusive option agreement previously executed in September 2021 by and among each of the then individual shareholders of Yidian Chuxing, Yidian Chuxing and Xiaopeng Chuxing. Pursuant to the Yidian Chuxing 2024 Exclusive Option Agreement, Yidian Chuxing and its current individual shareholder, jointly and severally, have irrevocably granted Xiaopeng Chuxing an irrevocable and exclusive right to purchase and require Yidian Chuxing's current individual shareholder to transfer, or designate one or more entities or persons to purchase and require Yidian Chuxing's current individual shareholder to transfer the equity interests in Yidian Chuxing then held by such individual shareholder, and the assets of Yidian Chuxing, once or at multiple times at any time in part or in whole at Xiaopeng Chuxing's sole and absolute discretion to the extent permitted by PRC law. The purchase or transfer price for the equity interests shall be equal to the amount of the relevant registered capital actually contributed by the current individual shareholder in Yidian Chuxing while the purchase price for the assets of Yidian Chuxing shall be equal to the net book value of such assets, and if such amount in each case is lower than the minimum price permitted by PRC law, the minimum price permitted by PRC law shall be the purchase price. This agreement will remain effective until all equity interests of Yidian Chuxing held by its current individual shareholder and all of Yidian Chuxing's assets have been transferred or assigned to Xiaopeng Chuxing or its designated entities or persons.

Subject to the relevant PRC laws and regulations, Yidian Chuxing's current individual shareholder has also undertaken that he will return to Xiaopeng Chuxing any consideration he receives in the event that Xiaopeng Chuxing exercises the options under the Yidian Chuxing 2024 Exclusive Option Agreement to acquire the equity interests in Yidian Chuxing.

Further, pursuant to the Yidian Chuxing 2024 Exclusive Option Agreement, Yidian Chuxing and its current individual shareholder have respectively undertaken to perform certain acts or refrain from performing certain other acts unless they have obtained prior approval from Xiaopeng Chuxing, including but not limited to matters including:

(1) The current individual shareholder shall not transfer or dispose in any manner the exclusive option or grant any security over or create any third party rights over the exclusive option;

(2) Yidian Chuxing shall not increase or reduce the registered capital of the Company, or cause the Company to merge with other entity;

(3) Yidian Chuxing shall not dispose of any material assets (other than in its ordinary course of business);

(4) Yidian Chuxing shall not terminate any material contract or enter into any contract that will conflict with existing material contracts;

(5) The current individual shareholder shall not appoint or remove any director, supervisor or any other officer that should be appointed by them;

(6) Yidian Chuxing shall not distribute any distributable profit, bonus or dividend;

(7) Yidian Chuxing shall not take any action (including inaction) that will affect its continued existence or adopt any action that will lead to the possibility of its cessation of business, liquidation or dissolution;

(8) Yidian Chuxing shall not amend its articles; and

(9) Yidian Chuxing shall not lend or borrow any fund, provide guarantee or any form of security, or undertake any substantial obligations other than in its ordinary business operation.

Contractual Arrangements with Xintu Technology and Its Shareholder

Exclusive Service Agreement

Under the exclusive service agreement executed in August 2021, Xintu Technology appointed Xiaopeng Technology as its exclusive services provider to provide Xintu Technology with services related to Xintu Technology's business during the term of the exclusive service agreement. In consideration for the services provided by Xiaopeng Technology, Xintu Technology shall pay Xiaopeng Technology annual fees, which should be mutually agreed by both parties and can be adjusted according to Xiaopeng Technology's suggestion to the extent permitted by PRC law. Unless terminated in accordance with the provisions of the exclusive service agreement or terminated in writing by Xiaopeng Technology, the exclusive service agreement shall remain effective for 20 years from August 12, 2021, and can be automatically renewed for one year every sequent year unless otherwise terminated by a written notice served by Xiaopeng Technology. The exclusive service agreement also provides that Xiaopeng Technology has the exclusive proprietary rights in any and all intellectual property rights which are developed by Xintu Technology at the request of Xiaopeng Technology or are developed by the parties jointly. Our directors consider that the above arrangements will ensure the economic benefits generated from the operations of Xintu Technology will flow to Xiaopeng Technology and hence, our company as a whole.

Loan Agreement

Pursuant to the loan agreement executed in August 2021, Xiaopeng Technology should provide the shareholder of Xintu Technology with a loan in the aggregate amount of RMB2.0 million to fund business activities as permitted by Xiaopeng Technology. The shareholder agrees that the proceeds from the transfer of the equity interest of the shareholder in Xintu Technology, pursuant to the exercise of the right to acquire such equity interest by Xiaopeng Technology under the exclusive option agreement, may be used by the shareholder to repay the loan to the extent permitted under PRC law. The loan agreement will remain effective until the earlier of (i) 20 years after the execution date of the loan agreement; (ii) the expiry date of Xiaopeng Technology's licensed operating period; and (iii) the expiry date of Xintu Technology's licensed operating period. During the term of loan agreement, Xiaopeng Technology has the right, at its sole and absolute discretion, to accelerate maturity of loan at any time.

Equity Interest Pledge Agreement

Pursuant to the equity interest pledge agreement executed in August 2021, the shareholder of Xintu Technology has pledged all of its equity interest in Xintu Technology as a security interest, as applicable, to respectively guarantee Xintu Technology and its shareholder's performance of their obligations under the relevant contractual arrangement, which include the exclusive service agreement, exclusive option agreement, power of attorney and loan agreement. If Xintu Technology or its shareholder breaches their contractual obligations under these agreements, Xiaopeng Technology, as pledgee, will be entitled to certain rights regarding the pledged equity interests. In the event of such breaches, upon giving written notice to Xintu Technology's shareholder, Xiaopeng Technology to the extent permitted by PRC laws may exercise the right to enforce the pledge, which is being paid in priority with the equity interest of Xintu Technology from the proceeds from auction or sale of the equity interest. The shareholder of Xintu Technology agrees that, during the term of the equity interest pledge agreements, such shareholder shall not transfer the equity interest, place or permit the existence of any security interest or other encumbrance on the equity interest or any portion thereof, without the prior written consent of Xiaopeng Technology. Xintu Technology's shareholder may receive dividends distributed on the equity interest only with prior consent of Xiaopeng Technology. The equity interest pledge agreements remain effective until all obligations under the relevant contractual agreements have been fully performed or all secured indebtedness have been fully paid, whichever is later.

The equity pledge under the equity interest pledge agreement takes effect upon the completion of registration with the relevant PRC government authority. The registration of the equity interest pledge as required by the relevant laws and regulations has been completed in accordance with PRC laws.

Power of Attorney

Pursuant to the power of attorney executed in August 2021, the shareholder of Xintu Technology has irrevocably undertaken to appoint Xiaopeng Technology or its designated persons (including but not limited to directors and their successors and liquidators replacing but excluding those non-independent or who may give rise to conflict of interests) to exercise the following rights relating to all equity interests held by the shareholder of Xintu Technology during the term of the power of attorney: to act on behalf of such shareholder as its exclusive agent and as his attorney-in-fact to exercise such shareholder's rights in Xintu Technology according to the articles of association of Xintu Technology, including but not limited to, the rights to (i) convene and participate in shareholders' meeting pursuant to the articles of Xintu Technology in the capacity of a proxy of the shareholder of Xintu Technology; (ii) exercise the voting rights, and adopt resolutions, on matters to be discussed and resolved at shareholders' meetings and the appointment and election of directors, supervisors and other senior management of Xintu Technology to be appointed by the shareholder, dispose the company assets, amend the articles of Xintu Technology and exercise the rights of the shareholder in the event of liquidation of Xintu Technology; (iii) sign or submit any required document to any company registry or other authorities in the capacity of a proxy of the shareholder; (iv) to exercise rights of the shareholder and any other voting rights of the shareholder under the relevant PRC laws and regulations and the articles of associations of Xintu Technology, as amended; (v) subject to (ii), to sign and execute any related documents including but not limited to share transfer agreement, asset transfer agreement and individual shareholders resolutions when there is a transfer of shareholding in Xintu Technology by the shareholder in accordance with exclusive option agreement, assets transfer, capital reduction or capital increase in Xintu Technology; and (vi) to instruct the directors and senior officers to act in accordance with the instruction of Xiaopeng Technology and its designated persons.

Subject to other terms in the power of attorney, the power of attorney shall remain effective for 20 years from August 12, 2021, and can be automatically renewed for one year every sequent year. The power of attorney may be terminated by mutual agreement of the relevant parties in writing or when there is a breach of the power of attorney by Xintu Technology or its shareholder which is not remedied within a reasonable time or 10 days after being requested to remedy the breach.

Exclusive Option Agreement

Pursuant to the exclusive option agreement executed in August 2021, Xintu Technology and its shareholder have irrevocably granted Xiaopeng Technology an irrevocable and exclusive right to purchase, or designate one or more entities or persons to purchase the equity interests in Xintu Technology then held by shareholder, and the assets of Xintu Technology, once or at multiple times at any time in part or in whole at Xiaopeng Technology's sole and absolute discretion to the extent permitted by PRC law. The purchase price for the equity interests in Xintu Technology shall be equal to the amount of relevant registered capital contributed by the shareholder in Xintu Technology while the purchase price for the assets of Xintu Technology shall be equal to the net book value of such assets, and if such amount in each case is lower than the minimum price permitted by PRC law, the minimum price permitted by PRC law shall be the purchase price. This agreement will remain effective until all equity interests of Xintu Technology held by its shareholder and all of Xintu Technology's assets have been transferred or assigned to Xiaopeng Technology or its designated entities or persons.

Subject to the relevant PRC laws and regulations, Xintu Technology's shareholder has also undertaken that it will return to Xiaopeng Technology any consideration he receives in the event that Xiaopeng Technology exercises the options under the exclusive option agreement to acquire the equity interests in Xintu Technology.

Further, pursuant to the exclusive option agreement, Xintu Technology and its shareholder have respectively undertaken to perform certain acts or refrain from performing certain other acts unless they have obtained prior approval from Xiaopeng Technology, including but not limited to matters including:

(1) The shareholder shall not transfer or dispose in any manner the exclusive option or grant any security over or create any third party rights over the exclusive option;

(2) Xintu Technology shall not increase or reduce its registered capital, or cause it to merge with other entity;

(3) Xintu Technology shall not dispose of any material assets (other than in its ordinary course of business);

(4) Xintu Technology shall not terminate any material contract or enter into any contract that will conflict with existing material contracts;

(5) The shareholder shall not appoint or remove any director, supervisor or any other officer that should be appointed by them;

(6) Xintu Technology shall not distribute any distributable profit, bonus or dividend;

(7) Xintu Technology shall not take any action (including inaction) that will affect its continued existence or adopt any action that will lead to the possibility of its cessation of business, liquidation or dissolution;

(8) Xintu Technology shall not amend its articles; and

(9) Xintu Technology shall not lend or borrow any fund, provide guarantee or any form of security, or undertake any substantial obligations other than in its ordinary business operation.

Contractual Arrangement with GIIA and its Shareholder

On July 22, 2022, Xiaopeng Motors Sales, Mr. Tao He, our co-founder, his spouse, and Guangzhou Xuetao, of which 50% equity interest is owned by Mr. Tao He and 50% is owned by his spouse, entered into a cooperation agreement. According to the cooperation agreement, Xiaopeng Motors Sales designated Mr. Tao He and his spouse as its representatives to acquire 100% of equity interest in GIIA through Guangzhou Xuetao on the same day. On January 31, 2024, Xiaopeng Motors Sales, Mr. Tao He, his spouse, and Guangzhou Xuetao agreed to terminate the above described cooperation agreement. On the same day, a series of contractual arrangements with GIIA were executed by Xiaopeng Motors Sales, Guangzhou Xuetao and Mr. Yeqing Zheng, the individual shareholder of Guangzhou Xuetao, the key terms of which are summarized as follows.

Exclusive Service Agreement

Under the exclusive service agreement executed in January 2024, GIIA appointed Xiaopeng Motor Sales as its exclusive services provider to provide GIIA with services related to GIIA's business during the term of the exclusive service agreement. In consideration for the services provided by Xiaopeng Motor Sales, GIIA shall pay Xiaopeng Motor Sales annual fees, which should be mutually agreed by both parties and can be adjusted according to Xiaopeng Motor Sales' suggestion to the extent permitted by PRC law. Unless terminated in accordance with the provisions of the exclusive service agreement or terminated in writing by Xiaopeng Motor Sales, the exclusive service agreement shall remain effective for 20 years from January 31, 2024, and can be automatically renewed for one year every sequent year unless otherwise terminated by a written notice served by Xiaopeng Motor Sales. The exclusive service agreement also provides that Xiaopeng Motor Sales has the exclusive proprietary rights in any and all intellectual property rights which are developed by GIIA at the request of Xiaopeng Motor Sales or are developed by the parties jointly. Our directors consider that the above arrangements will ensure the economic benefits generated from the operations of GIIA will flow to Xiaopeng Motor Sales and hence our company as a whole.

Loan Agreement

Pursuant to the loan agreement executed in January 2024, Xiaopeng Motor Sales should provide Mr. Zheng, the individual shareholder of Guangzhou Xuetao, with a loan in the aggregate amount of RMB31.5 million to acquire 100% of equity interest in GIIA through Guangzhou Xuetao from Mr. Tao He and his spouse. Mr. Zheng has pledged all of his equity interest in Guangzhou Xuetao as a security interest to repay the loan provided by Xiaopeng Motor Sales and guarantee the performance of other obligations under the loan agreement. The loan agreement will remain effective until the earlier of (i) 20 years after the execution date of the loan agreement; (ii) the expiry date of Guangzhou Xuetao's licensed operating period; and (iii) the expiry date of GIIA's licensed operating period. During the term of loan agreement, Xiaopeng Motor Sales has the right, at its sole and absolute discretion, to accelerate maturity of loan at any time.

Equity Interest Pledge Agreement

Pursuant to the equity interest pledge agreement executed in January 2024, Mr. Zheng, the individual shareholder of Guangzhou Xuetao, and Guangzhou Xuetao (collectively, the "Pledgors") have pledged all of his equity interest in GIIA as a security interest, as applicable, to respectively guarantee the performance of obligations of the Pledgors under the relevant contractual arrangement, which include the exclusive service agreement, exclusive option agreement, power of attorney and loan agreement. If the Pledgors breach their contractual obligations under these agreements, Xiaopeng Motor Sales, as pledgee, will be entitled to certain rights regarding the pledged equity interests. In the event of such breaches, upon giving written notice to the Pledgors, Xiaopeng Motor Sales may exercise the right to enforce the pledge to the extent permitted by PRC laws, which is being paid in priority with the equity interest of GIIA from the proceeds from auction or sale of the equity interest. The Pledgors agree that, during the term of the equity interest pledge agreement, it shall not transfer the equity interest, place or permit the existence of any security interest or other encumbrance on the equity interest or any portion thereof, without the prior written consent of Xiaopeng Motor Sales. The Pledgors may receive dividends distributed on the equity interest only with prior consent of Xiaopeng Motor Sales. The equity interest pledge agreement will remain effective until all obligations under the relevant contractual agreements have been fully performed or all secured indebtedness have been fully paid, whichever is later.

The equity pledge under the equity interest pledge agreement takes effect after the Pledgors and Xiaopeng Motor Sales have duly signed such agreement. The registration of the equity interest pledge as required by the relevant laws and regulations is currently in process as of the date hereof and we expect to complete such registration in due course in accordance with PRC laws.

Power of Attorney

Pursuant to the power of attorney executed in January 2024, Mr. Zheng and Guangzhou Xuetao (collectively, the "GIIA Shareholder") have irrevocably undertaken to appoint Xiaopeng Motor Sales or its designated persons (including but not limited directors and their successors and liquidators replacing but excluding those non-independent or who may give rise to conflict of interests) to exercise the following rights relating to all equity interests held by the GIIA Shareholder during the term of the power of attorney: to act on behalf of such shareholder as its exclusive agent and as his attorney-in-fact to exercise such shareholder's rights in GIIA according to the articles of association of GIIA, including but not limited to, the rights to (i) convene and participate in the shareholder's meeting of GIIA pursuant to the articles of GIIA in the capacity of a proxy of the GIIA Shareholder; (ii) exercise the voting rights, and adopt resolutions, on matters to be discussed and resolved at shareholder's meetings and the appointment and election of directors, supervisors and other senior management of GIIA to be appointed by the GIIA Shareholder, dispose the company assets, amend the articles of GIIA and exercise the rights of the GIIA Shareholder in the event of liquidation of GIIA; (iii) sign or submit any required document, which shall include meeting minutes, to any company registry or other authorities in the capacity of a proxy of the GIIA Shareholder; (iv) to exercise rights of the GIIA Shareholder and any other voting rights of the GIIA Shareholder under the relevant PRC laws and regulations and the articles of associations of GIIA, as amended; (v) subject to (ii), to sign and execute any related documents including but not limited to share transfer agreement, asset transfer agreement and individual shareholders resolutions when there is a transfer of shareholding in GIIA by the GIIA Shareholder in accordance with exclusive option agreement, assets transfer, capital reduction or capital increase in GIIA; and (vi) to instruct the directors and senior officers to act in accordance with the instruction of Xiaopeng Motor Sales and its designated persons.

Subject to other terms in the power of attorney, the power of attorney shall remain effective for 20 years from January 31, 2024, and can be automatically renewed for one year every sequent year. The power of attorney may be terminated by mutual agreement of the relevant parties in writing or when there is a breach of the power of attorney by the GIIA Shareholder which is not remedied within a reasonable time or 10 days after being requested to remedy the breach.

Exclusive Option Agreement

Pursuant to the exclusive option agreement executed in January 2024, the GIIA Shareholder has irrevocably granted Xiaopeng Motor Sales an irrevocable and exclusive right to purchase, or designate one or more entities or persons to purchase, the equity interests in GIIA then held by the GIIA Shareholder, and the assets of GIIA, once or at multiple times at any time in part or in whole at Xiaopeng Motor Sales' sole and absolute discretion to the extent permitted by PRC law. The purchase price for the equity interests in GIIA shall be equal to the amount of relevant registered capital contributed by the GIIA Shareholder while the purchase price for the assets of GIIA shall be equal to the net book value of such assets, and if such amount in each case is lower than the minimum price permitted by PRC law, the minimum price permitted by PRC law shall be the purchase price. This agreement will remain effective until all equity interests of GIIA held by the GIIA Shareholder and all of GIIA's assets have been transferred or assigned to Xiaopeng Motor Sales or its designated entities or persons.

Subject to the relevant PRC laws and regulations, the GIIA Shareholder has also undertaken that it will return to Xiaopeng Motor Sales any consideration it receives in the event that Xiaopeng Motor Sales exercises the options under the exclusive option agreement to acquire the equity interests in GIIA.

Further, pursuant to the exclusive option agreement, the GIIA Shareholder has irrevocably undertaken to perform certain acts or refrain from performing certain other acts unless they have obtained prior written approval from Xiaopeng Motor Sales, including but not limited to matters including:

(1) The GIIA Shareholder shall not transfer or dispose in any manner the exclusive option or grant any security over or create any third party rights over the exclusive option;

(2) The GIIA Shareholder shall not increase or reduce GIIA's registered capital, or cause it to merge with any other entity;

(3) The GIIA Shareholder shall not dispose or cause GIIA to dispose of any material assets (other than in its ordinary course of business);

(4) The GIIA Shareholder shall not terminate or cause GIIA to terminate any material contract or enter into any contract that will conflict with existing material contracts;

(5) The GIIA Shareholder shall not appoint or remove any director, supervisor or any other officer that should be appointed by them;

(6) The GIIA Shareholder shall not cause GIIA to distribute any distributable profit, bonus or dividend;

(7) The GIIA Shareholder shall not take any action (including inaction) that will affect GIIA's continued existence or adopt any action that will lead to the possibility of its cessation of business, liquidation or dissolution;

(8) The GIIA Shareholder shall not amend its articles; and

(9) The GIIA Shareholder shall not lend or borrow any fund, provide guarantee or any form of security, or undertake any substantial obligations other than in its ordinary business operation.

Transfer of Equity Interest in Zhaoqing Xiaopeng New Energy

Prior to January 2022, each of (i) Zhaoqing Xiaopeng Automobile Co., Ltd., or Zhaoqing Xiaopeng, which is a wholly-owned subsidiary of the Company, and (ii) Zhaoqing Kunpeng Motor Technology Co., Ltd., or Zhaoqing Kunpeng, which is jointly owned by Mr. Heng Xia and Mr. Tao He, held 50% of the equity interest of Zhaoqing Xiaopeng New Energy. Pursuant to a share transfer agreement between Zhaoqing Xiaopeng and Zhaoqing Kunpeng, dated February 13, 2020, Zhaoqing Kunpeng shall transfer the 50% of the equity interest of Zhaoqing Xiaopeng New Energy to Zhaoqing Xiaopeng at the price of the higher of (i) RMB1 or (ii) the capital injection actually paid by Zhaoqing Kunpeng upon the earlier of (i) the removal of the PRC foreign investment restrictions in whole-unit vehicle industry; and (ii) December 31, 2022. In January 2022, Zhaoqing Kunpeng transferred all of its equity interest in Zhaoqing Xiaopeng New Energy to Zhaoqing Xiaopeng. As a result, Zhaoqing Xiaopeng New Energy has become our wholly-owned subsidiary. Zhaoqing Xiaopeng New Energy holds an Enterprise Investment Project Filing Certificate of Guangdong Province for the Zhaoqing plant and has been listed in Announcement of the Vehicle Manufacturers and Products issued by the MIIT, which enables it to be a qualified manufacturer of EVs.

Yuecai Investment in Chengxing Zhidong

On March 12, 2021, a capital increase agreement was entered into among Chengxing Zhidong, Xiaopeng Motors, Guangdong Xiaopeng Automotive Industry Holding Co., Ltd. and Guangdong Yuecai Industrial Investment Fund Partnership Enterprise (Limited Partnership), or Yuecai. Pursuant to the capital increase agreement, Yuecai subscribed for 0.3% equity interest in Chengxing Zhidong for an aggregate consideration of RMB500 million. If an affiliated entity of Chengxing Zhidong, including but not limited to XPeng Inc. or Xiaopeng Motors, completes a public listing within three years from the settlement of the capital increase, the parties may agree to exchange all or a portion of Yuecai's equity interest in Chengxing Zhidong for shares in the publicly listed entity based on the public offering price. If such public listing does not take place within three years from the settlement of the capital increase, Chengxing Zhidong may repurchase Yuecai's equity interest for RMB500 million and an interest based on an agreed annualized rate of 6%.

On June 11, 2021, Yuecai notified Chengxing Zhidong that it irrevocably undertakes not to exercise the rights under the capital increase agreement to request Xiaopeng Motors to purchase the shares of Chengxing Zhidong held by it in connection with our listing on the Hong Kong Stock Exchange. Accordingly, Yuecai continued to be a shareholder of Chengxing Zhidong in respect of its entire investment in Chengxing Zhidong following our listing on the Hong Kong Stock Exchange. On March 18, 2024, we made payment to repurchase Yuecai's equity interest in Chengxing Zhidong and as of the date of this annual report, Yuecai is no longer a shareholder of Chengxing Zhidong.

D. Property, plants and equipment

Please refer to "B. Business Overview—Facilities" for a discussion of our property, plants and equipment.

ITEM 4A. UNRESOLVED STAFF COMMENTS

None.

ITEM 5. OPERATING AND FINANCIAL REVIEW AND PROSPECTS

You should read the following discussion and analysis of the Group's financial condition and results of operations in conjunction with the Group's consolidated financial statements and the related notes included elsewhere in this annual report. This discussion may contain forward-looking statements based upon current expectations that involve risks and uncertainties. The Group's actual results may differ materially from those anticipated in these forward-looking statements as a result of various factors, including those set forth under "Item 3. Key Information—D. Risk Factors" or in other parts of this annual report.

A. Operating Results

Overview

We are a leading Chinese Smart EV company that designs, develops, manufactures and markets Smart EVs that primarily appeal to the large and growing base of middle-class consumers in China. Since inception, we have taken an innovative technology path to our envisioned future of mobility. We intend to empower consumers with our differentiated Smart EVs that can offer disruptive mobility experiences. We believe this can be achieved by fast iteration of software and seamless integration with hardware, which enable us to lead the innovation of Smart EV technologies and provide differentiated Smart EV products to consumers.

Since our inception in 2015, we have become one of the leading Smart EV companies in China, with leading software and hardware technology at our core and bringing innovation in advanced driver assistance, smart connectivity and core vehicle systems. We develop full-stack advanced driver assistance systems, or ADAS, software in house and have deployed such software on mass-produced vehicles. We started to roll out our XNGP in March 2023 and have made XNGP available in cities without HD map coverage since November 2023. As a result, its geographical coverage has expanded swiftly in China.

Our Smart EVs appeal to the large growing base of middle-class consumers in China. We primarily target the mid- to high-end segment in China's passenger vehicle market, with prices ranging from RMB120,000 to RMB420,000. Consumers choose our products primarily because of attractive design, industry-leading electrification and smart technologies, interactive smart mobility experience and long driving range.

We are building a rapidly expanding, diversified portfolio of attractive Smart EV models to capture the growing demand for Smart EVs and appeal to the differentiated needs of a broad customer base.

- In December 2018, we started delivery of the G3, which is our first Smart EV and a compact SUV.
- In May 2020, we started delivery of the P7, which is our second Smart EV and a sports sedan.
- In March 2021, we started delivery of the P7 Wing, which is a limited edition designed to accentuate the sporty and dynamic styling of the sports sedan with scissor-style front doors that are traditionally only available in luxury sports vehicles.
- In March 2021, we introduced newer versions of the G3 and the P7 that are equipped with lithium iron phosphate battery to provide our customers with a wider variety of options.
- In April 2021, we unveiled the P5, which is our third Smart EV and a family sedan, and started delivery in September 2021.
- In July 2021, we introduced the G3i, which is the mid-cycle facelift version of the G3, and started delivery in August 2021.
- In September 2022, we launched the G9, which is our fourth Smart EV and a mid- to large-sized SUV, and started mass delivery in October 2022.
- In March 2023, we upgraded the P7 to P7i, and started delivery during the same month.
- In June 2023, we launched the G6, which is our fifth Smart EV, and started delivery to customers in July 2023.
- In January 2024, we launched the X9, which is our sixth Smart EV, and started delivery during the same month.
- In March 2024, we introduced a new version of P7i, being the first time we brought scissor-style front doors to two-wheel drive models, and started delivery during the same month.
- In August 2024, we launched the MONA M03, which is the first Smart EV of our MONA series and our seventh Smart EV, and started delivery of MONA M03 during the same month.
- In September 2024, we introduced a new version of the X9.
- In November 2024, we launched the P7+, which is the seventh Smart EV of our XPENG series and our eighth Smart EV, and started delivery during the same month.
- In March 2025, we upgraded the G6 and the G9 to their respective 2025 Edition and started delivery during the same month.
- In April 2025, we upgraded the X9 to its latest 2025 Edition.

We currently offer the following models:

- G9 (mid- to large-sized SUV), with a wheelbase of 2,998 mm and CLTC range between 625 km and 725 km.
- P7i (sports sedan), with a wheelbase of 2,998 mm and CLTC range of 702 km.
- G6 (coupe SUV), with a wheelbase of 2,890 mm and CLTC range between 625 km and 725 km.

- X9 (seven-seater MPV), with a wheelbase of 3,160 mm and CLTC range between 650 km and 740 km.
- MONA M03 (sedan), with a wheelbase of 2,815 mm and CLTC range between 515 km and 620 km.
- P7+ (family sedan), with a wheelbase of 3,000 mm and an upgraded CLTC range between 615 km to 725 km enabled through OTA firmware updates.

Our ADAS and in-car intelligent operating system enable customers to enjoy a differentiated smart mobility experience, and our Smart EVs can be upgraded through OTA firmware updates to introduce enhancements and new functionalities. Continuous innovation in software is one of the key factors that differentiate our Smart EVs and has become a critical value proposition appealing to customers.

We seek to expand our customer reach by extending our online and physical sales and service network. We had a total of 690 stores, covering 226 cities in China as of December 31, 2024. These stores in our sales network include both stores directly operated by us and franchised stores. In addition, we also have entered 30 overseas markets, establishing 150 stores in overseas countries or regions, owned by importers, dealer groups, or XPENG. In addition, we actively engage in online marketing through various channels to further enhance our brand recognition and customer acquisition.

We aim to offer our customers a convenient charging and driving experience by providing them with access to a vast, rapidly-growing charging network. Our customers can choose to charge their Smart EVs using home chargers, at XPENG self-operated charging station network or at third-party charging stations. In addition, we started to launch the 480kW S4 supercharging stations in China in 2022. As of December 31, 2024, XPENG self-operated charging station network further expanded to 1,920 stations, including 1,506 XPENG self-operated supercharging stations and 414 destination charging stations. Our S4 and S5 supercharging stations have covered 165 cities in China, including all of the tier-1 and the new tier-1 cities.

Our manufacturing philosophy centers on quality, continuous improvement, flexibility and high operating efficiency. We manufacture our vehicles at our own plants in Zhaoqing and Guangzhou, Guangdong province. In addition, as of March 31, 2025, the construction of our new manufacturing base in Wuhan has been completed, which is currently pending inspection and acceptance procedures conducted by relevant government authorities.

Our total revenue grew rapidly from RMB26,855.1 million in 2022 to RMB30,676.1 million in 2023, and further to RMB40,866.3 million in 2024. Our Smart EV deliveries increased from 120,757 units in 2022 to 141,601 units in 2023, and further to 190,068 units in 2024, representing a year-on-year growth rate of 34.2% between 2023 and 2024. Along with strong revenue growth, our gross profit margin decreased from 11.5% in 2022 to 1.5% in 2023, and increased to 14.3% in 2024.

Our Business Model

We offer an innovative mobility experience through our Smart EVs, software and services. Vehicle sales is the primary source of our revenues. We have launched eight Smart EV models as of December 31, 2024, including seven Smart EVs of the XPeng series and one Smart EV of the MONA series, and we plan to continuously introduce new models and facelifts to expand our product portfolio and customer base.

General Factors Affecting the Group's Results of Operations

The demand for our Smart EVs is affected by the following general factors:

- China's macroeconomic conditions and the growth of China's overall passenger vehicle market, especially the mid- to high-end segment;

- Penetration rate of EVs in China's passenger vehicle market, which is in turn affected by, among other things, (i) functionality and performance of EVs, (ii) total cost of ownership of EVs and (iii) availability of charging network;
- Development, and customer acceptance and demand, of smart technology functions, such as ADAS and smart connectivity; and
- Government policies and regulations for EVs and smart technology functions, such as subsidies for EV purchases and government grants for EV manufacturers.
- Seasonal fluctuations of the customers' demand for our Smart EVs.

Changes in any of these general industry conditions could affect the Group's business and result of operations.

Specific Factors Affecting the Group's Results of Operations

Besides the general factors affecting China's Smart EV market, the Group's business and results of operations are also affected by company specific factors, including the following major factors:

Our ability to attract new customers and grow our customer base

We design our Smart EVs to satisfy the needs and preferences of China's middle-class consumers. We strive to enhance brand recognition among our target customers by consistently delivering smart and upgradable EVs as well as a superior customer experience. Enhanced customer satisfaction will help to drive word-of-mouth referrals, which will reduce our customer acquisition costs. Our ability to attract new customers also depends on the scale and efficiency of our sales network, which includes direct stores, franchised stores and various online marketing channels. We seek to attract new customers cost-efficiently by, among other things, locating many of our stores in shopping malls, adopting an asset-light franchise model and engaging in online precision marketing. In addition, we intend to strategically expand and strengthen our international market presence, initially primarily focusing on overseas markets with higher Smart EV penetration, such as select European markets. As we continue to develop and launch new EV models, invest in our brand and expand our sales and service network, we expect to attract more customers and grow our revenues.

Competitiveness and continued expansion of our Smart EV portfolio

Our ability to periodically introduce new Smart EV models will be an important contributor to our future growth. As of December 31, 2024, we have launched seven Smart EVs of the XPeng series, which included the P7i, the G9, the G6, the X9, and the P7+, as well as the G3 (including G3i) and P5, which we have ceased manufacturing and selling, and one Smart EV of the MONA series, being MONA M03. We plan to continuously introduce new models and facelifts to expand our product portfolio and customer base. We expect our revenue growth to be driven in part by the continued expansion of our vehicle portfolio.

We differentiate our Smart EVs based on a number of core attributes, which are attractive design, high performance, smart technology functions and proven safety and reliability. Customer acceptance of our Smart EVs also depends on our ability to maintain competitive pricing. We primarily target our Smart EVs to the mid- to high-end segment in China's passenger vehicle market. With ADAS, smart connectivity and high performance, our Smart EVs offer compelling value proposition in the mid- to high-end segment.

Investment in technology and talents

We develop most of our key technologies in-house to achieve a rapid pace of innovation and tailor our product offerings for Chinese customers. Such technologies encompass both software, including software for our XNGP and XOS Tianji, and core vehicle systems, including powertrain and E/E architecture. Accordingly, we dedicate significant resources towards research and development, and our research and development staff accounted for approximately 40.4% of our total employees as of December 31, 2024. In August 2023, we acquired 100% ownership interest of DiDi's smart auto development business to develop, design and engineer a new smart EV model. In September 2023, we entered into share purchase agreements to acquire shares of Dogotix, which has been dedicated to research and development of robots with human-robot interaction functions since its incorporation. We will continue to recruit and retain talented software developers and engineers to grow our strength in the key technologies. We expect our strategic focus on innovations will further differentiate our Smart EVs as well as software and service offerings, which will in turn enhance our competitiveness.

Improvement of operating efficiency

We aim to improve operating efficiency in every aspect of our business, such as product development, supply chain, manufacturing, sales and marketing, as well as service offerings. We strategically established multiple Smart EV platforms that are scalable for different types of our vehicles with different wheelbases within a wide range, which allows us to develop new models in a fast and cost-efficient manner. Our supply chain affects our cost of sales and gross margin, and we expect to reduce bill-of-material cost, as we ramp up production volume and achieve economies of scale. We also focus on the efficiency in the manufacturing process, including our operations at our Zhaoqing plant and Guangzhou plant. As we expand our product portfolio and grow our revenues, we expect our expenses as a percentage of our revenues to decrease.

Components of Results of Operations

Revenues

The following table sets forth a breakdown of the Group's revenues, each expressed in the absolute amount and as a percentage of its total revenues, for the periods indicated:

	Year Ended December 31,					
	2022		2023		2024	
	RMB	%	RMB	%	RMB	%
	(in thousands, except for percentages)					
Revenues						
Vehicle sales	24,839,637	92.5	28,010,857	91.3	35,829,402	87.7
Services and others	2,015,482	7.5	2,665,210	8.7	5,036,907	12.3
Total	**26,855,119**	**100.0**	**30,676,067**	**100.0**	**40,866,309**	**100.0**

The Group generates revenues from (i) vehicle sales, which represent sales of its Smart EVs, and (ii) services and others, primarily including technical research and development services, services embedded in a sales contract, maintenance service, supercharging service.

The overall contract price under a sales contract is allocated to each distinct performance obligation based on the relative estimated standalone selling price. For example, the revenue for sales of the Smart EV and home chargers is recognized when the control of the Smart EV is transferred to the customer and the home charger is installed at customer's designated location.

Cost of sales

The following table sets forth a breakdown of the Group's cost of sales, expressed as an absolute amount and as a percentage of its total revenues, for the periods indicated:

	Year Ended December 31,					
	2022		2023		2024	
	RMB	%	RMB	%	RMB	%
	(in thousands, except for percentages)					
Cost of sales						
Vehicle sales	22,493,122	83.8	28,457,909	92.8	32,866,163	80.4
Services and others	1,273,606	4.7	1,767,003	5.7	2,154,378	5.3
Total	**23,766,728**	**88.5**	**30,224,912**	**98.5**	**35,020,541**	**85.7**

Cost of vehicle sales primarily includes direct parts, materials, labor cost and manufacturing overheads (including depreciation and amortization of assets associated with production) and reserves for estimated warranty expenses. Cost of services and others primarily includes cost of direct parts, materials, depreciation of associated assets used for providing the services, labor costs and installment costs.

Research and development expenses

The Group's research and development expenses primarily consist of (i) employee compensation, representing salaries, benefits, share-based compensation and bonuses for its research and development personnel, (ii) design and development expenses, which primarily include fees payable to third-party suppliers for designing molds, (iii) materials and supplies expenses in relation to testing materials, and (iv) certain other expenses. All expenses associated with research and development are expensed as incurred.

The Group's research and development expenses are mainly driven by the number of its research and development personnel, as well as the stage and scale of its vehicle development and the development of its key software and hardware technologies. The Group dedicates significant resources towards research and development, and its research and development staff accounted for approximately 40.4% of its total employees as of December 31, 2024.

Selling, general and administrative expenses

The following table sets forth a breakdown of the Group's selling, general and administrative expenses, expressed as an absolute amount and as a percentage of total selling, general and administrative expenses, for the periods indicated:

	Year Ended December 31,					
	2022		2023		2024	
	RMB	%	RMB	%	RMB	%
	(in thousands, except for percentages)					
Selling, general and administrative expenses						
Selling expenses	5,028,958	75.2	5,013,734	76.4	5,531,599	80.5
General and administrative expenses	1,659,288	24.8	1,545,208	23.6	1,339,045	19.5
Total	**6,688,246**	**100.0**	**6,558,942**	**100.0**	**6,870,644**	**100.0**

The Group's selling expenses primarily consist of (i) employee compensation, including salaries, benefits, share-based compensation and bonuses for its sales and marketing staff, (ii) marketing, promotional and advertising expenses, (iii) operating and lease expenses for direct stores, (iv) commissions to franchised stores, and (v) certain other expenses. The Group's general and administrative expenses primarily consist of (i) employee compensation, including salaries, benefits, share-based compensation and bonuses for its general corporate staff, (ii) professional service fees, and (iii) certain other expenses.

The Group's selling, general and administrative expenses are mainly driven by the number of its sales, marketing, general corporate personnel, marketing and promotion activities and the expansion of its sales and service network.

Other income, net

The Group's other income primarily consists of government grants that are not contingent upon the Group's further actions or performance.

Fair value gain on derivative liability relating to the contingent consideration

The Group's fair value gain on derivative liability relating to the contingent consideration consists of the fair value change of the contingent consideration related to the acquisition of DiDi's smart auto business.

Interest income

The Group's interest income primarily consists of interest earned on cash deposits in banks.

Interest expenses

The Group's interest expenses primarily consist of interest expenses with respect to its bank borrowings and other non-current liabilities.

Fair value gain (loss) on derivative assets or derivative liabilities

Fair value gain (loss) on derivative assets or derivative liabilities consists of net gain (loss) from the change in the fair value of derivative assets or derivative liabilities, which are primarily related to forward exchange contracts and the forward share purchase agreement with the Volkswagen Group.

Investment gain (loss) on long-term investments

Investment gain (loss) on long-term investments consists of net gain (loss) from the change in the fair value of long-term investments, which include equity investments, over which the Group has neither significant influence nor control, and debt investments.

Taxation

Cayman Islands

We are incorporated in the Cayman Islands as an exempted company with limited liability under the Companies Act (Revised) of the Cayman Islands and accordingly, are exempted from Cayman Islands income tax. As such, we are not subject to tax on either income or capital gain. In addition, no Cayman Islands withholding tax is imposed upon any payments of dividends by us to our shareholders.

British Virgin Islands

XPeng Limited is exempted from income tax on its foreign-derived income in the BVI. There are no withholding taxes in the BVI.

Hong Kong

Under the current Hong Kong Inland Revenue Ordinance, our Hong Kong subsidiaries are subject to 16.5% Hong Kong profit tax on their taxable income generated from operations in Hong Kong. Additionally, payments of dividends by our Hong Kong subsidiaries to us are not subject to any Hong Kong withholding tax.

United States

The applicable income tax rate in the United States where our subsidiaries have significant operations for the years ended December 31, 2022, 2023 and 2024 is 27.98%, which is a blended state and federal rate.

PRC

The PRC Enterprise Income Tax Law, or the EIT Law, which became effective on January 1, 2008 and was most recently amended on December 29, 2018, applies a uniform enterprise income tax rate of 25% to both FIEs and domestic enterprises. Pursuant to the Administrative Measures on Certification of High and New Technology Enterprises promulgated by the MOST, MOF and State Taxation Administration on January 29, 2016, certified high and new technology enterprises, or HNTEs, are entitled to a favorable statutory tax rate of 15%, subject to renewal every three years. During the three-year period, an HNTE must conduct a qualification self-review each year to ensure it meets the HNTE criteria and is eligible for the 15% preferential tax rate for the given year. If an HNTE fails to meet the criteria for being an HNTE in any year, the enterprise cannot enjoy the 15% preferential tax rate in the given year, and must instead use the uniform enterprise income tax rate of 25%. Upon the expiration of qualification, re-accreditation of certification from the relevant authorities is necessary for the enterprise to continue enjoying the preferential tax treatment.

Guangzhou Xiaopeng Motors Technology Co., Ltd. applied for the HNTE qualification and received approval in December 2022. Guangzhou Xiaopeng Motors Technology Co., Ltd. is entitled to continue to enjoy the beneficial tax rate of 15% as an HNTE for the years 2022 through 2024.

Zhaoqing Xiaopeng Automobile Co., Ltd. applied for the HNTE qualification and received approval in December 2020 and renewed in December 2023. Zhaoqing Xiaopeng Automobile Co., Ltd. is entitled to continue to enjoy the beneficial tax rate of 15% as an HNTE for the years 2023 through 2025.

Beijing Xiaopeng Automobile Co., Ltd. applied for the HNTE qualification and received approval in December 2020. This enterprise is entitled to continue to enjoy the beneficial tax rate of 15% as an HNTE for the years 2020 through 2022. Since the qualification was expired in 2023, this enterprise applies tax rate of 25% for the year 2023. This enterprise re-applied for the HNTE qualification and received approval in December 2024, then entitled to enjoy the beneficial tax rate of 15% as an HNTE for the years 2024 through 2026.

Shanghai Xiaopeng Motors Technology Co., Ltd. applied for the HNTE qualification and received approval in December 2022. Shanghai Xiaopeng Motors Technology Co., Ltd. is entitled to continue to enjoy the beneficial tax rate of 15% as an HNTE for the years 2022 through 2024.

Shenzhen Pengxing Smart Research Co., Ltd. applied for the HNTE qualification and received approval in October 2023. Shenzhen Pengxing Smart Research Co., Ltd. is entitled to continue to enjoy the beneficial tax rate of 15% as an HNTE for the years 2023 through 2025.

Zhaoqing Xiaopeng New Energy Investment Co., Ltd. applied for the HNTE qualification and received approval in December 2024. Zhaoqing Xiaopeng New Energy Investment Co., Ltd. is entitled to enjoy the beneficial tax rate of 15% as an HNTE for the years 2024 through 2026.

Guangzhou Zhipeng Manufacturing Co., Ltd. applied for the HNTE qualification and received approval in December 2024. Guangzhou Zhipeng Manufacturing Co., Ltd. is entitled to enjoy the beneficial tax rate of 15% as an HNTE for the years 2024 through 2026.

Under the EIT Law, dividends generated after January 1, 2008 and payable by an FIE in the PRC to its foreign investors who are non-resident enterprises are subject to a 10% withholding tax, unless any such foreign investor's jurisdiction of incorporation has a tax treaty with the PRC that provides for a different withholding arrangement. Under the taxation arrangement between the PRC and Hong Kong, a qualified Hong Kong tax resident which is the "beneficial owner" and directly holds 25% or more of the equity interest in a PRC resident enterprise is entitled to a reduced withholding tax rate of 5%. The Cayman Islands, where the Company was incorporated, does not have a tax treaty with the PRC. In accordance with the accounting guidance, all undistributed earnings are presumed to be transferred to the parent company and are subject to the withholding taxes. All FIEs are subject to the withholding tax from January 1, 2008. The presumption may be overcome if we have sufficient evidence to demonstrate that the undistributed earnings will be re-invested and the remittance of the dividends will be postponed indefinitely. We did not record any dividend withholding tax, as we have no retained earnings for any of the years presented.

The EIT Law also provides that an enterprise established under the laws of a foreign country or region but whose "de facto management body" is located in the PRC be treated as a "resident enterprise" for PRC tax purposes and consequently be subject to the PRC income tax at the rate of 25% for its global income. The implementing rules of the EIT Law merely define the location of the "de facto management body" as "the place where the exercising, in substance, of the overall management and control of the production and business operation, personnel, accounting, properties and others of a non-PRC company is located." Based on a review of surrounding facts and circumstances, we do not believe that it is likely that our operations outside of the PRC will be considered a resident enterprise for PRC tax purposes. However, due to limited guidance and implementation history of the EIT Law, there is uncertainty as to the application of the EIT Law. If our holding company in the Cayman Islands or any of our subsidiaries outside of China were deemed to be a resident enterprise under the EIT Law, it would be subject to enterprise income tax on its worldwide income at a uniform enterprise income tax rate of 25%.

According to relevant policies promulgated by the State Tax Bureau of the PRC and effective from 2008 onwards, enterprises engaged in R&D activities are entitled to claim an additional tax deduction amounting to 75% or 100% of qualified R&D expenses incurred in determining its tax assessable profits for that year. The additional deduction of 100% or 75% of qualified R&D expenses can only be claimed directly in the annual EIT filling and subject to the approval from the relevant tax authorities.

Critical Accounting Policies and Estimates

An accounting policy is considered critical if it requires an accounting estimate to be made based on assumptions about matters that are highly uncertain at the time such estimate is made, and if different accounting estimates that reasonably could have been used, or changes in the accounting estimates that are reasonably likely to occur periodically, could materially impact the consolidated financial statements.

We prepare our consolidated financial statements in conformity with U.S. GAAP, which requires us to make judgments, estimates and assumptions. We continually evaluate these estimates and assumptions based on the most recently available information, our own historical experiences and various other assumptions that we believe to be reasonable under the circumstances. Since the use of estimates is an integral component of the financial reporting process, actual results could differ from our expectations as a result of changes in our estimates. Some of our accounting policies require a higher degree of judgment than others in their application and require us to make significant accounting estimates.

The following descriptions of critical accounting policies, judgments and estimates should be read in conjunction with our consolidated financial statements and other disclosures included in this annual report. When reviewing our consolidated financial statements, you should consider (i) our selection of critical accounting policies, (ii) the judgments and other uncertainties affecting the application of such policies and (iii) the sensitivity of reported results to changes in conditions and assumptions.

Revenue Recognition

Revenue is recognized when or as the control of the goods or services is transferred upon delivery to customers. Depending on the terms of the contract and the laws that apply to the contract, control of the goods and services may be transferred over time or at a point in time. Control of the goods and services is transferred over time if our performance:

- provides all of the benefits received and consumed simultaneously by the customer;
- creates and enhances an asset that the customer controls as we perform; or
- does not create an asset with an alternative use to us and we have an enforceable right to payment for performance completed to date.

If control of the goods and services transfers over time, revenue is recognized over the period of the contract by reference to the progress towards complete satisfaction of that performance obligation. Otherwise, revenue is recognized at a point in time when the customer obtains control of the goods and services.

Contracts with customers may include multiple performance obligations. For such arrangements, we allocate overall contract price to each distinct performance obligation based on its relative standalone selling price in accordance with ASC 606. We generally determine standalone selling prices for each individual distinct performance obligation identified 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, the data utilized, and considering our pricing policies and practices in making pricing decisions. 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 affect the revenue recognition. The discount provided in the contract are allocated by us to all performance obligations as conditions under ASC 606-10-32-37 are not met.

Vehicle Sales

We generate revenue from sales of our Smart EVs, together with a number of embedded products and services through a contract. There are multiple distinct performance obligations explicitly stated in a sales contract including sales of vehicle, free battery charging within three to six years, extended lifetime warranty, option between household charging pile and charging card, vehicle internet connection services, services of lifetime free battery charging in XPENG-branded supercharging stations and lifetime warranty of battery, which are defined by our sales policy and accounted for in accordance with ASC 606. The standard warranty provided by us is accounted for in accordance with ASC 460, Guarantees, and the estimated costs are recorded as a liability when we transfer the control of vehicle to a customer.

Car buyers in the PRC were entitled to government subsidies when they purchase EVs before December 31, 2022. For efficiency purpose and better customer service, we or Zhengzhou Haima Automobile Co., Ltd., which collaborated with us for manufacturing of the G3 from 2018 to 2021, applies for and collects such government subsidies on behalf of the customers. Accordingly, customers only pay the amount after deducting government subsidies. We determined that the government subsidies should be considered as part of the transaction price because the subsidy is granted to the buyer of the EVs and the buyer remains liable for such amount in the event the subsidies were not received by us due to the buyer's fault such as refusal or delay of providing the relevant application information. The new energy vehicle subsidies policy had expired since January 1, 2023.

In the instance that some eligible customers select to pay by installments for vehicles or batteries under an auto financing program provided to the customers by us, such arrangement contains a significant financing component and as a result, the transaction price is adjusted to reflect the impact of time value of the transaction price using an applicable discount rate (i.e. the interest rates of the loan reflecting the credit risk of the borrower). We allocate the financing amount to all performance obligations proportionately based on their relative selling prices, as conditions prescribed under ASC 606-10-32-37 are not met.

Receivables related to the vehicle and battery installment payments are recognized as installment payment receivables. The difference between the gross receivable and the respective present value is recorded as unrealized finance income. Interest income resulting from arrangements with a significant financing component is presented as other sales.

The overall contract price of electric vehicle and related products/services is allocated to each distinct performance obligation based on the relative estimated standalone selling price. The revenue for sales of the Smart EVs and household charging pile is recognized at a point in time when the control of the Smart EV is transferred to the customer and the charging pile is installed at customer's designated location. For vehicle internet connection service, we recognize the revenue using a straight-line method. For the extended lifetime warranty and lifetime battery warranty, we recognize revenue over time based on a cost-to-cost method. For the free battery charging within three to six years and charging card to be consumed to exchange for charging services, we consider that a measure of progress based on usage best reflects the performance, as it is typically a promise to deliver the underlying service rather than a promise to stand ready. For the services of lifetime free battery charging in XPENG-branded supercharging stations, we recognize the revenue over time based on a straight-line method during the expected useful life of the vehicle.

Initial refundable deposits for intention orders and non-refundable deposits for vehicle reservations received from customers prior to vehicle purchase agreements are signed are recognized as refundable deposits from customers (accruals and other liabilities) and advances from customers (accruals and other liabilities). When vehicle purchase agreements are signed, if the consideration for the vehicle and all embedded services must be paid in advance, which means the payments received are prior to the transfer of goods or services by us, we record a contract liability (deferred revenue) for the allocated amount relating to those unperformed obligations. At the same time, advances from customers are classified as a contract liability (deferred revenue) as part of the consideration.

Our intelligent driving system, provides assisted driving and parking functions tailored for different driving behaviors and road conditions in China. A customer can subscribe for such services by either making a lump sum payment or paying annual installments over a three-year period, or purchasing a vehicle equipped with such system. Revenue related to such system is recognized at a point in time when intelligent driving functionality of such system is delivered and transferred to the customers.

Other services

We provide other services to customers, including services embedded in a sales contract, supercharging service, maintenance service, technical support services, auto financing services, license and technical services and others. Other services included supercharging service, maintenance service, technical support service, technical research and development services and second-hand vehicle sales services. These services are recognized either over time or point in time, as appropriate, under ASC 606.

We licensed a car manufacturer with rights to use our in-house developed platform and technology, and provided technical research and development services to integrate our technology into the car manufacturer's vehicles and platforms.

Before the start of production of the car manufacturer's vehicles ("SOP"), we provide technical research and development ("R&D") services, provide license of our proprietary intellectual property, or transfer our know-how pack to the car manufacturer. We conclude that the licensing and know-how pack transfers are bundled with technical R&D services as one single performance obligation, since the customer cannot benefit from the licenses and know-how pack either on its own or together with other resources that are readily available to itself.

The licensing involved in the post-SOP phase primarily represents the right to enable the car manufacturer's vehicles produced and sold with the technology and software developed based on the Group's owned intellectual property. Other promises identified in the post-SOP phase are immaterial in the context of the contract. For those contracts with sales-based royalties, the sales-based royalty revenue is recognized when the car manufacturer's subsequent sales occur.

For contracts pursuant to which we create an asset with no alternate use to us and has an enforceable right to payment from the car manufacturer for performance completed to date, licenses and technical R&D services revenue is recognized over a period of the contract based on the progress towards completion of the performance obligation using input method, which is measured by reference to the contract costs incurred for the work performed up to the end of the reporting period as a percentage of the total estimated costs to complete the contract. Contract costs contains labor cost, material cost and other direct costs.

Fees entitled by us upon or post SOP of the car manufacturer's vehicles are considered as variable consideration as there are binary outcomes regarding the fee entitlement. We estimate the amount of variable consideration using the most likely amount method and include the estimated amount in the transaction price to the extent that it is probable that a significant reversal in the amount of cumulative revenue recognized will not occur when the uncertainty associated with the variable consideration is subsequently resolved. No amount of variable consideration is included in the transaction price in the current reporting period after considering the facts and uncertainties as of the period end. We will update our estimate at each reporting date until the uncertainty is resolved.

Practical expedients and exemptions

We follow the guidance on immaterial promises when identifying performance obligations in the vehicle sales contracts and concludes that lifetime roadside assistance, traffic ticket inquiry service, courtesy car service, on-site troubleshooting, parts replacement service, extended warranty of 10 years or 200,000 kilometers, basic maintenance service of 6 times in 4 years and others, are not performance obligations considering these services are value-added services to enhance customer experience rather than critical items for vehicle driving and forecasted that usage of these services will be very limited. We also perform an estimation on the standalone fair value of each promise applying a cost plus margin approach and concludes that the standalone fair value of foresaid services are insignificant individually and in aggregate, representing less than 1% of vehicle gross selling price and aggregate fair value of each individual promise.

Considering the qualitative assessment and the result of the quantitative estimate, we concluded not to assess whether promises are performance obligation if they are immaterial in the context of the contract and the relative standalone fair value individually and in aggregate is less than 1% of the contract price, namely the lifetime roadside assistance, traffic ticket inquiry service, courtesy car service, on-site troubleshooting and parts replacement service and others. Related costs are then accrued instead.

Customer Upgrade Program

In the third quarter of 2019, due to the upgrade of the G3 vehicle from the 2019 version ("G3 2019") to its 2020 version ("G3 2020"), we voluntarily offered all owners of G3 2019 the options to either receive loyalty points, valid for five years from the grant date, which can be redeemed for goods or services, or obtain an enhanced trade-in right contingent on a future purchase starting from the 34th month of the original purchase date but only if they purchase a new vehicle from us. The owners of G3 2019 had to choose one out of the two options within 30 days after receiving the notice. Anyone who did not make the choice before the date was deemed to forgo the rights to the options. At the time the offers were made, we still had unfulfilled performance obligations for services to the owners of G3 2019 associated with their original purchase. We considered this offering is to improve the satisfaction of the owners of G3 2019 but not the result of any defects or resolving past claims regarding the G3 2019.

As both options provide a material right (a significant discount on future goods or services) for no consideration to existing customers with unfulfilled performance obligations, we consider this arrangement to be a modification of the existing contracts with customers. Further, as the customers did not pay for these additional rights, the contract modification is accounted for as a termination of the original contract and commencement of a new contract, which will be accounted for prospectively. The material right from the loyalty points or the trade-in right shall be considered in the reallocation of the remaining consideration from the original contracts among the promised goods or services not yet transferred at the time of the contract modification. This reallocation is based on the relative standalone selling prices of these goods and services.

For the material right attached with loyalty points, we estimated the probability of points redemption when determining the standalone selling price. Due to the fact that most merchandises can be redeemed without requiring a significant amount of points, as compared with the amount of points granted to the customers, we believe it is reasonable to assume all points will be redeemed and no forfeiture is estimated currently. The amount allocated to the points as a separate performance obligation is recorded as a contract liability (deferred revenue) and revenue will be recognized when future goods or services are transferred. We will continue to monitor forfeiture rate data and will apply and update the estimated forfeiture rate at each reporting period.

According to the terms of the trade-in program, owners of G3 2019 who elected the trade-in right have the option to trade in their G3 2019 at a fixed predetermined percentage of its original G3 2019 purchase price (the "guaranteed trade-in value") starting from the 34th month of the original purchase date but only if they purchase a new vehicle from us. Such trade-in right is valid for 120 days. That is, if the owner of a G3 2019 does not purchase a new vehicle within that 120-day period, the trade-in right expires. The guaranteed trade-in value will be deducted from the retail selling price of the new vehicle purchase. The customer cannot exercise the trade-in right on a standalone basis solely as a function of their original purchase of the G3 2019 and this program, and therefore, we do not believe the substance of the program is a repurchase feature that provides the customer with a unilateral right of return. Rather, the trade-in right and purchase of a new vehicle are linked as part of a single transaction to provide a loyalty discount to existing customers. We believe the guaranteed trade-in value will be greater than the expected market value of the G3 2019 at the time the trade-in rights become exercisable, and therefore, the excess value is essentially a sales discount granted on the new vehicle purchase. We estimated the potential forfeiture rate based on the market expectation of the possibility of future buying and applied the forfeiture rate when determining the standalone selling price at the date of contract modification. The amount allocated to the trade-in right as a separate performance obligation is recorded as a contract liability (deferred revenue) and revenue will be recognized when the trade-in right is exercised and a new vehicle is purchased. As of December 31, 2022, the trade-in program has been closed. If the owners of G3 2019, who elected the trade-in right, did not sign the trade-in contracts or reach an additional agreement with us in 2022, the trade-in right will be expired.

Warranties

We provide a manufacturer's standard warranty on all vehicles sold. We accrue a warranty reserve for the vehicles sold by us, which includes our best estimate of the future costs to be incurred in order to repair or replace items under warranties and recalls when identified. These estimates were made based on actual claims incurred to date and an estimate of the nature, frequency and magnitude of future claims with reference made to the past claim history. These estimates are inherently uncertain given our relatively short history of sales, and changes to our historical or projected warranty experience may cause material changes to the warranty reserve in the future. The portion of the warranty reserve expected to be incurred within the next 12 months is included within accruals and other liabilities, while the remaining balance is included within other non-current liabilities on the consolidated balance sheets. Warranty expense is recorded as a component of cost of sales in the consolidated statements of comprehensive loss.

We do not consider standard warranty as being a separate performance obligation as it is intended to provide greater quality assurance to customers and is not viewed as a distinct obligation. Accordingly, standard warranty is accounted for in accordance with ASC 460, Guarantees. We also provide extended lifetime warranty which is sold separately through a vehicle sales contract. The extended lifetime warranty is an incremental service offered to customers and is considered a separate performance obligation distinct from other promises and is accounted for in accordance with ASC 606.

Business Combination and Goodwill

We account for business combinations under ASC 805, Business Combinations. Business combinations are recorded using the acquisition method of accounting, and the transaction consideration of an acquisition is determined based upon the aggregate fair value at the date of exchange of the assets transferred, liabilities incurred, and equity instruments issued, including any consideration contingent upon future events as defined. The costs directly attributable to the acquisition are expensed as incurred. Identifiable assets and liabilities acquired or assumed are measured separately at their fair value as of the acquisition date, irrespective of the extent of any noncontrolling interests.

The excess of the total transaction consideration over the aggregate fair value of the acquired identifiable net assets is recorded as goodwill. If the total transaction consideration is less than the fair value of the net assets of the subsidiaries acquired, the difference is recognized directly in the consolidated statements of comprehensive loss. Goodwill is not amortized but is tested for impairment annually, or more frequently if events or changes in circumstances indicate that it might be impaired, by performing the quantitative test through comparing each reporting unit's fair value to its carrying value, including goodwill.

Fair Value Determination Related to the Accounting for Business Combination

In 2023, we estimated the fair value of acquired vehicle platform technology ("VPT") and VMTUD from the acquisition of DiDi's smart auto business using the relief from royalty method and multiperiod excess earnings method, respectively. Our determination of the fair value of acquired VPT and VMTUD involved the use of estimates and assumptions related to projected revenues, royalty rate and discount rate for VPT, and in the case of VMTUD, projected revenues and discount rate. We estimated the useful life of VPT to be 10 years, based on the expected technical obsolescence and innovations and industry experience of such intangible asset. The VMTUD acquired is considered indefinite-lived until the completion of the associated research and development efforts and a determination related to commercial feasibility. As of December 31,2024, the VMTUD was transferred into vehicle model technology ("VMT") as finite-lived intangible assets. Research and development expenditures that were incurred after the acquisition, including those for completing the research and development activities, were expensed as incurred during the year ended December 31, 2024.

We estimated the acquisition date fair value of the contingent consideration liability based on the total contingent shares to be issued, considering projected delivery volume, and the closing price of the Company's common share on the acquisition date.

Results of Operations for Continuing Operations

The following tables set forth a summary of the Group's consolidated results of operations for the periods presented, in absolute amount and as a percentage of our revenues. This information should be read together with our consolidated financial statements and related notes included elsewhere in this annual report. The operating results in any period are not necessarily indicative of the results that may be expected for any future period.

	Year ended December 31,					
	2022		2023		2024	
	RMB	%	RMB	%	RMB	%
	(in thousands, except percentages)					
Revenues						
Vehicle sales	24,839,637	92.5	28,010,857	91.3	35,829,402	87.7
Services and others	2,015,482	7.5	2,665,210	8.7	5,036,907	12.3
Total revenues	**26,855,119**	**100.0**	**30,676,067**	**100.0**	**40,866,309**	**100.0**
Cost of sales						
Vehicle sales	(22,493,122)	(83.8)	(28,457,909)	(92.8)	(32,866,163)	(80.4)
Services and others	(1,273,606)	(4.7)	(1,767,003)	(5.7)	(2,154,378)	(5.3)
Total cost of sales	**(23,766,728)**	**(88.5)**	**(30,224,912)**	**(98.5)**	**(35,020,541)**	**(85.7)**
Gross profit	**3,088,391**	**11.5**	**451,155**	**1.5**	**5,845,768**	**14.3**
Operating expenses						
Research and development expenses	(5,214,836)	(19.4)	(5,276,574)	(17.2)	(6,456,734)	(15.8)
Selling, general and administrative expenses	(6,688,246)	(24.9)	(6,558,942)	(21.4)	(6,870,644)	(16.8)
Total operating expenses	**(11,903,082)**	**(44.3)**	**(11,835,516)**	**(38.6)**	**(13,327,378)**	**(32.6)**
Other income, net	109,168	0.4	465,588	1.5	589,227	1.4
Fair value gain on derivative liability relating to the contingent consideration	—	—	29,339	0.1	234,245	0.6
Loss from operations	**(8,705,523)**	**(32.4)**	**(10,889,434)**	**(35.5)**	**(6,658,138)**	**(16.3)**
Interest income	1,058,771	3.9	1,260,162	4.1	1,374,525	3.4
Interest expenses	(132,192)	(0.5)	(268,666)	(0.9)	(343,982)	(0.8)
Fair value gain (loss) on derivative assets or derivative liabilities	59,357	0.2	(410,417)	(1.3)	—	—
Investment gain (loss) on long-term investments	25,062	0.1	(224,364)	(0.7)	(261,991)	(0.6)
Exchange (loss) gain from foreign currency transactions	(1,460,151)	(5.4)	97,080	0.3	(49,543)	(0.1)
Other non-operating income, net	36,318	0.1	41,934	0.1	108,154	0.3
Loss before income tax (expenses) benefit and share of results of equity method investees	**(9,118,358)**	**(34.0)**	**(10,393,705)**	**(33.9)**	**(5,830,975)**	**(14.3)**
Income tax (expenses) benefit	(24,731)	(0.1)	(36,810)	(0.1)	69,780	0.2
Share of results of equity method investees	4,117	0.0	54,740	0.2	(29,069)	(0.1)
Net loss	**(9,138,972)**	**(34.1)**	**(10,375,775)**	**(33.8)**	**(5,790,264)**	**(14.2)**

Year Ended December 31, 2024 compared to year ended December 31, 2023

Revenues. The Group's revenues increased from RMB30,676.1 million in 2023 to RMB40,866.3 million in 2024, which was primarily due to an increase in revenues from vehicle sales. The Group recorded revenues from vehicle sales of RMB35,829.4 million in 2024, as compared to RMB28,010.9 million in 2023. The increase was mainly attributable to the strong growth of our vehicle sales. We delivered a total of 141,601 units of vehicles in 2023, and a total of 190,068 units of vehicles in 2024. The Group recorded revenues from services and others of RMB5,036.9 million in 2024, as compared to RMB2,665.2 million in 2023. The increase was mainly attributable to the increased revenue from technical research and development services related to the platform and software strategic technical collaboration, as well as the EEA technical collaboration with the Volkswagen Group.

Cost of sales. The Group's cost of sales increased from RMB30,224.9 million in 2023 to RMB35,020.5 million in 2024. Such increase was mainly in line with vehicle deliveries as described above. The Group recorded cost of sales from vehicle sales of RMB32,866.2 million in 2024, as compared to RMB28,457.9 million in 2023. The Group recorded cost of sales from services and others of RMB2,154.4 million in 2024, as compared to RMB1,767.0 million in 2023.

Gross profit. The Group's gross profit increased from RMB451.2 million in 2023 to RMB5,845.8 million in 2024, mainly due to the cost reduction and the improvement in product mix of models as well as the higher gross margin from the aforementioned revenue from technical services arising from the technical collaboration with the Volkswagen Group.

Vehicle margin. The Group's vehicle margin was 8.3% in 2024, compared with negative 1.6% for the prior year. The year-over-year increase was explained by cost reduction.

Services and others margin. The Group's services and others margin was 57.2% in 2024, compared with 33.7% for the prior year. The year-over-year increase was primarily attributable to the higher gross margin from the aforementioned revenue from technical R&D services.

Research and development expenses. The Group's research and development expenses increased by 22.4% from RMB5,276.6 million in 2023 to RMB6,456.7 million in 2024, mainly related to the development of new vehicle models as the Company expanded its product portfolio to support future growth.

Selling, general and administrative expenses. The Group's selling, general and administrative expenses increased by 4.8% from RMB6,558.9 million in 2023 to RMB6,870.6 million in 2024, primarily due to the higher commission to the franchised stores driven by higher sales volume and higher marketing, promotional and advertising expenses to support vehicle sales.

Other income, net. The Group's other income increased by 26.6% from RMB465.6 million in 2023 to RMB589.2 million in 2024, primarily due to the increase in government subsidies.

Fair value gain on derivative liability relating to the contingent consideration. The Group recorded a fair value gain on derivative liability relating to the contingent consideration of RMB234.2 million in 2024, as compared to RMB29.3 million in 2023, primarily due to the fair value change of the contingent consideration related to the acquisition of DiDi's smart auto business.

Loss from operations. As a result of the foregoing, the Group incurred a loss from operations of RMB6,658,1 million in 2024, as compared to RMB10,889.4 million in 2023.

Interest income. The Group recorded interest income of RMB1,374.5 million in 2024, as compared to RMB1,260.2 million in 2023, primarily due to higher cash balances deposited with banks in 2024.

Interest expenses. The Group recorded interest expenses of RMB344.0 million in 2024, as compared to RMB268.7 million in 2023, primarily due to an increase in bank borrowings.

Fair value loss on derivative assets or derivative liabilities. The Group recorded fair value loss on derivative assets or derivative liabilities of nil in 2024, as compared to the fair value loss on derivative assets or derivative liabilities of RMB410.4 million in 2023, which was primarily due to the fluctuation in the fair value of the forward share purchase agreement, measured through profit or loss, related to the issuance of Class A ordinary shares by us for strategic minority investment by the Volkswagen Group.

Investment loss on long-term investments. The Group recorded investment loss on long-term investments of RMB262.0 million in 2024, as compared to the investment loss on long-term investments of RMB224.4 million in 2023 as a result of as a result of fair value fluctuation on the Company's equity and debt investments.

Net loss. As a result of the foregoing, the Group incurred a net loss of RMB5,790.3 million in 2024, as compared to RMB10,375.8 million in 2023.

Year Ended December 31, 2023 compared to year ended December 31, 2022

For a discussion of the Group's results of operations for the year ended December 31, 2023 compared with the year ended December 31, 2022, see "Item 5. Operating and Financial Review and Prospects — A. Operating Results — Year Ended December 31, 2023 Compared to Year Ended December 31, 2022" in our annual report on Form 20-F for the year ended December 31, 2023, filed with the SEC on April 17, 2023.

B. Liquidity and Capital Resources

The Group's primary sources of liquidity have been through issuance of preferred shares, ordinary shares and bank borrowings, which have historically been sufficient to meet its working capital and capital expenditure requirements. As of December 31, 2022, 2023 and 2024, the Group had cash and cash equivalents, restricted cash, short-term investments and time deposits of a total of RMB38,251.8 million, RMB45,698.5 million and RMB41,962.5 million, respectively. The Group's restricted cash, which amounted to RMB3,153.4 million as of December 31, 2024, primarily represents bank deposits for letters of guarantee, bank notes and cash restricted as to withdrawal or use due to legal disputes.

In July and August of 2020, we received cash proceeds of US$900.0 million from our Series C+ round financing.

In August 2020, we completed our initial public offering in which we issued and sold an aggregate of 114,693,333 ADSs (including 14,959,999 ADSs sold upon the full exercise of the underwriters' over-allotment option), representing 229,386,666 Class A ordinary shares, at a public offering price of US$15.00 per ADS for a total offering size of over US$1.72 billion. The net proceeds raised from the initial public offering were approximately US$1,655.7 million.

In December 2020, we completed our follow-on public offering in which we offered and sold an aggregate 55,200,000 ADSs (including 7,200,000 ADSs sold upon the full exercise of the underwriters' over-allotment option), representing 110,400,000 Class A ordinary shares, raising a total of US$2,444.9 million in net proceeds.

In January 2021, we signed a strategic cooperation agreement with leading domestic banks, which provides us with the option to secure a credit line of RMB12.8 billion with an extensive range of credit facilities. Under the terms of the strategic cooperation agreement, five domestic commercial banks, including the Agricultural Bank of China, the Bank of China, China Construction Bank, China CITIC Bank and Guangzhou Rural Commercial Bank, will provide credit facilities to support our business operations and expansion of our manufacturing, sales and service capabilities. These facilities will help us optimize the efficiency of our cash management, cost control and other corporate functions.

In July 2021, we completed our listing on the Hong Kong Stock Exchange and public offering of 97,083,300 Class A ordinary shares, raising a total of approximately HK$15,823.3 million (or US$2,039.0 million based on an exchange rate of HK$7.7604 to US$1.00 as of June 11, 2021) in net proceeds to us after deducting underwriting fees and the offering expenses.

In February 2022, we completed a debt issuance of RMB775.0 million automobile leasing carbon-neutral asset-backed securities, or the ABS. The ABS was listed on the Shenzhen Stock Exchange in March 2022. The issued ABS of RMB624.0 million in the senior A tranche with a debt rating of AAA has a coupon rate of 3.00%. The issued ABS of RMB31.0 million in the senior B tranche with a debt rating of AA+ has a coupon rate of 3.50%. In September 2023, the ABS issued by us in February 2022 has matured. In November 2022, we completed another debt issuance of RMB964.0 million ABS on the Shanghai Stock Exchange. The issued ABS of RMB805.0 million in the senior A tranche with a debt rating of AAA has a coupon rate of 2.80% and the issued ABS of RMB39.0 million in senior B tranche with a debt rating of AA+ has a coupon rate of 3.00%.

In August 2023, we completed an asset-backed notes ("ABN") issuance of RMB975.0 million on the inter-bank bond market. The issued ABN of RMB798.0 million in the senior A tranche with a debt rating of AAA has a coupon rate of 3.20% and the issued ABN of RMB44.0 million in senior B tranche with a debt rating of AA+ has a coupon rate of 3.20%. As of December 31, 2024, the total balance of the ABN was RMB82.1 million.

In December 2023, we completed the Volkswagen Investment, in which we issued 94,079,255 Class A ordinary shares representing 4.99% of our outstanding share capital immediately following the Volkswagen Investment for a total consideration of US$705.6 million. The Volkswagen Investment was part of our strategic partnership with the Volkswagen Group.

In March and October 2024, the Company, through its wholly-owned subsidiary, completed the launch of an ABS respectively amounting to RMB1,016.0 million and RMB595.0 million by issuing debt securities to investors. As of December 31, 2024, the total balance of the ABS was RMB820.3 million.

As of December 31, 2024, the Group had short-term borrowings from banks in the PRC of total principals of RMB4,609.1 million and total long-term borrowings (including current and non-current portion, bank loan, ABS, and ABN) of RMB7,523.2 million.

We believe that the Group's existing cash and cash equivalents will be sufficient to meet its anticipated working capital requirements, including capital expenditures in the ordinary course of business for at least the next 12 months. We may, however, need additional cash resources in the future if we experience changes in business condition or other developments, or if we find and wish to pursue opportunities for investments, acquisitions, capital expenditures or similar actions. If we determine that our cash requirements exceed the amount of cash and cash equivalents the Group has on hand at the time, we may seek to issue equity or debt securities or obtain credit facilities. The issuance and sale of additional equity would result in further dilution to our shareholders. The incurrence of indebtedness would result in increased fixed obligations and could result in operating covenants that would restrict our operations. We cannot assure you that financing will be available in amounts or on terms acceptable to us, if at all.

The following table sets forth a summary of the Group's cash flows for the periods presented:

	Year Ended December 31,		
	2022	2023	2024
	(RMB in thousands)		
Summary of Consolidated Cash Flow Data:			
Net cash (used in) provided by operating activities	(8,232,376)	956,164	(2,012,343)
Net cash provided by (used in) investing activities	4,845,966	631,168	(1,255,099)
Net cash provided by financing activities	6,003,835	8,015,247	669,321
Cash, cash equivalents and restricted cash at beginning of the year	11,634,881	14,714,046	24,302,049
Cash, cash equivalents and restricted cash at end of the year	14,714,046	24,302,049	21,739,664

Operating Activities

Net cash used in operating activities was RMB2,012.3 million in 2024, primarily attributable to net loss of RMB5,790.3 million, adjusted for the positive non-cash items primary consisted of: (i) depreciation of property, plant and equipment of RMB1,571.8 million, (ii) inventory write-downs of RMB943.7 million, (iii) amortization of intangible assets of RMB537.7 million, (iv) share-based compensation of RMB473.7 million, (v) amortization of right-of-use assets of RMB413.3 million, (vi) investment loss on long-term investments of RMB262.0 million and (vii) impairment of property, plant and equipment of RMB137.5 million, partially offset by the negative non-cash items including primarily fair value gain on derivative liability relating to the contingent consideration of RMB234.2 million primarily due to the fair value change of the contingent consideration related to the acquisition of DiDi's smart auto business. The amount was further adjusted for changes in itemized balances of operating assets and liabilities that have a negative effect on operating cash flow which were primary consisted of: (i) an increase in installment payment receivables of RMB2,081.0 million primarily due to the increase in sales volume and (ii) an increase in inventory of RMB1,060.2 million primarily in relation to materials for volume production and finished goods, as well as certain changes in itemized balances of operating assets and liabilities that have a positive effect on cash flow, including primarily (i) an increase in accruals and other liabilities of RMB1,533.0 million, (ii) an increase in accounts and notes payable of RMB870.1 million in relation to the increase of purchase of raw materials for volume production and (iii) an increase in deferred revenue of RMB798.5 million primarily due to the increase in sales volume.

Net cash provided by operating activities was RMB956.2 million in 2023, primarily attributable to net loss of RMB10,375.8 million, adjusted for the positive non-cash items primary consisted of: (i) depreciation of property, plant and equipment of RMB1,645.8 million, (ii) inventory write-downs of RMB1,054.7 million, (iii) share-based compensation of RMB550.5 million, (iv) fair value loss on derivative assets or derivative liabilities of RMB410.4 million, (v) amortization of intangible assets of RMB230.5 million, (vi) investment loss on long-term investments of RMB224.4 million, (vii) amortization of right-of-use assets of RMB182.2 million; and further adjusted for changes in itemized balances of operating assets and liabilities that have a positive effect on operating cash flow which were primary consisted of: (i) an increase in accounts and notes payable of RMB7,955.9 million in relation to the increase of purchase of raw material for volume production, (ii) a decrease in accounts and notes receivable of RMB1,138.4 million in relation to collection of new energy vehicle subsidies, (iii) an increase in accruals and other liabilities of RMB1,089.1 million primarily due to the increased accrued cost and expense of research and development, selling and marketing as well as purchase commitments relating to the cessation of the G3i and upgrades of certain models, and (iv) an increase of other non-current liabilities of RMB443.5 million primarily due to the increased warranty provision in relation to the increased vehicles delivered. However, the positive operating cash flow was partially offset by below negative factors, including non-cash items with negative effect consisted of (i) interest income of RMB352.2 million, (ii) exchange gain from foreign currency transactions of RMB97.1 million; and changes in itemized balances of operating assets and liabilities that have a negative effect which were consisted of an increase in inventory of RMB2,358.8 million primarily in relation to materials for volume production and finished goods and an increase in installment payment receivables of RMB1,473.6 million primarily due to the increase in sales volume.

Net cash used in operating activities was RMB8,232.4 million in 2022, primarily due to net loss of RMB9,139.0 million, adjusted to add back depreciation of property, plant and equipment of RMB915.5 million, share-based compensation of RMB710.5 million, amortization of right-of-use assets of RMB379.2 million, inventory write-downs of RMB220.3 million, and to deduct investment gain on long-term investments of RMB25.1 million. The amount was further adjusted by changes in itemized balances of operating assets and liabilities that have a negative effect on cash flow, including primarily (i) an increase in inventory of RMB2,475.8 million in relation to materials for volume production and finished goods, (ii) an increase in accounts and notes receivable of RMB1,210.7 million in relation to the government subsidies that we are entitled to receive, (iii) an increase in installment payment receivables of RMB776.6 million primarily due to the increase in sales volume, as well as certain changes in itemized balances of operating assets and liabilities that have a positive effect on cash flow, including primarily an increase in accounts and notes payable of RMB1,860.7 million primarily in relation to the grace period we enjoyed for the payment payable to third-party suppliers.

Investing Activities

Net cash used in investing activities in 2024 was RMB1,255.1 million, which was primarily attributable to (i) placement of short-term deposits of RMB2,984.2 million, (ii) purchase of property, plant and equipment of RMB2,226.1 million and (iii) placement of restricted long-term deposits of RMB1,100.0 million, partially offset by maturities of long-term deposits of RMB5,179.7 million.

Net cash provided by investing activities in 2023 was RMB631.2 million, which was primarily attributable to maturities of short-term deposits of RMB5,441.4 million, partially offset by (i) placement of long-term deposits of RMB3,128.8 million and (ii) purchase of property, plant and equipment of RMB2,096.3 million.

Net cash provided by investing activities in 2022 was RMB4,846.0 million, which was primarily attributable to maturity of short-term deposits of RMB11,922.2 million, partially offset by (i) purchase of property, plant and equipment of RMB4,275.8 million and (ii) placement of long-term deposits of RMB3,822.3 million.

Financing Activities

Net cash provided by financing activities in 2024 was RMB669.3 million, which was primarily attributable to proceeds from borrowing of RMB10,718.1 million, and partially offset by repayment of borrowings of RMB9,489.6 million and repayment of debt from third party investors of RMB500 million.

Net cash provided by financing activities in 2023 was RMB8,015.2 million, which was primarily attributable to (i) proceeds from borrowings of RMB8,271.8 million and (ii) proceeds from issuance of our Class A ordinary shares to the Volkswagen Group of RMB5,019.6 million, and partially offset by repayment of borrowings of RMB5,162.2 million.

Net cash provided by financing activities in 2022 was RMB6,003.8 million, which was primarily attributable to proceeds from borrowing of RMB6,800.7 million, and partially offset by repayment of borrowings of RMB681.7 million.

Capital Expenditures

The Group made capital expenditures of RMB4,680.0 million, RMB2,311.5 million, and RMB2,427.9 million in 2022, 2023 and 2024, respectively. In these years, the Group's capital expenditures were used primarily for the construction of plants and Guanzhou Xiaopeng Technology Park and purchase of manufacturing equipment, intangible assets and land use rights. The Group expects to make capital expenditures primarily on the construction of plants and Guanzhou Xiaopeng Technology Park and purchase of equipment, intangible assets and land use rights in relation to our new manufacturing bases, as well as mold and tooling for new vehicle models.

Contractual Obligations

The following table set forth the Group's indebtedness and contractual obligations as of December 31, 2024:

	Payment due by period				
	Total	Less than 1 Year	1 - 3 Years	3 - 5 Years	More than 5 Years
	(RMB in thousands)				
Short-term and long-term borrowings	12,132,254	6,467,736	2,582,711	1,645,201	1,436,606
Operating lease liabilities	1,934,620	395,180	555,243	733,362	250,835
Finance lease liabilities	956,091	31,767	66,602	857,722	—
Capital commitments for property, plant and equipment	312,417	312,417	—	—	—
Interest on borrowings	852,845	287,445	316,135	184,123	65,142
Purchase commitments for raw materials	3,516,597	2,759,183	367,130	390,284	—
Capital commitment for investments	404,846	174,621	230,225	—	—
Total	20,109,670	10,428,349	4,118,046	3,810,692	1,752,583

Holding Company Structure

The Group began its operations in 2015 through Chengxing Zhidong. The Group undertook the Reorganization to facilitate our initial public offering in the United States. As part of the Reorganization, the Group incorporated XPeng Inc., its holding company in December 2018. As a transitional arrangement of the Reorganization, Xiaopeng Motors, our wholly-owned subsidiary, entered into a series of contractual agreements with Chengxing Zhidong and its shareholders in September 2019, pursuant to which Xiaopeng Motors exercised effective control over the operations of Chengxing Zhidong. In May 2020, Xiaopeng Motors completed its purchase of 100% equity interest in Chengxing Zhidong. Consequently, Chengxing Zhidong became an indirect wholly-owned subsidiary of XPeng Inc.

XPeng Inc., the Group's holding company, has no material operations of its own. The Group conducts its operations primarily through its subsidiaries, the Group VIEs and their subsidiaries in China. As a result, XPeng Inc.'s ability to pay dividends depends upon dividends paid by the Group's PRC subsidiaries. If the Group's existing PRC subsidiaries or any newly formed ones incur debt on their own behalf in the future, the instruments governing their debt may restrict their ability to pay dividends to the Group. In addition, the Group's subsidiaries in China are permitted to pay dividends to the Group only out of their retained earnings, if any, as determined in accordance with PRC accounting standards and regulations. Under PRC law, each of the Group's subsidiaries, the Group VIEs and their subsidiaries in China is required to set aside at least 10% of its after-tax profits each year, if any, to fund certain statutory reserve funds until such reserve funds reach 50% of its registered capital. In addition, the Group's subsidiaries in China may allocate a portion of its after-tax profits based on PRC accounting standards to enterprise expansion funds and staff bonus and welfare funds at its discretion, and the Group VIEs and their subsidiaries may allocate a portion of their after-tax profits based on PRC accounting standards to a discretionary surplus fund at their discretion. The statutory reserve funds and the discretionary funds are not distributable as cash dividends. Remittance of dividends by a wholly foreign-owned company out of China is subject to examination by the banks designated by SAFE. Our PRC subsidiaries have not paid dividends and will not be able to pay dividends until they generate accumulated profits and meet the requirements for statutory reserve funds. For more information, see "Item 4. Information of the Company—B. Business Overview—Regulation—Regulation Related to Foreign Exchange and Dividend Distribution."

Recent Accounting Pronouncements

Please see Note 3 to our consolidated financial statements included elsewhere in this annual report.

Off-Balance Sheet Arrangements

The Group has not entered into any off-balance sheet financial guarantees or other off-balance sheet commitments to guarantee the payment obligations of any third parties. The Group has not entered into any derivative contracts that are indexed to its shares and classified as shareholder's equity or that are not reflected in the Group's consolidated financial statements. Furthermore, the Group does not have any retained or contingent interest in assets transferred to an unconsolidated entity that serves as credit, liquidity or market risk support to such entity. The Group does not have any variable interest in any unconsolidated entity that provides financing, liquidity, market risk or credit support to the Group or engages in leasing, hedging or product development services with the Group.

C. Research and Development, Patent and Licenses, etc.

Technological innovation is critical to our success, and we strategically develop most of key technologies in-house, such as ADAS, intelligent operating system, powertrain and E/E architecture. We have been and will continue to invest heavily on our research and development efforts.

The Group's research and development expenses were RMB5,214.8 million, RMB5,276.6 million, and RMB6,456.7 million in 2022, 2023, and 2024 respectively.

See "Item 4. Information of the Company—B. Business Overview—Our Technologies" and "Item 4. Information of the Company—B. Business Overview—Research and Development."

D. Trend Information

Other than as disclosed elsewhere in this annual report, we are not aware of any trends, uncertainties, demands, commitments or events for the year ended December 31, 2024 that are reasonably likely to have a material effect on our total net revenues, income, profitability, liquidity or capital reserves, or that caused the disclosed financial information to be not necessarily indicative of future operating results or financial conditions.

E. Critical Accounting Estimates

See "Item 5. Operating and Financial Review and Prospects—A. Operating Results—Critical Accounting Policies and Estimates."

ITEM 6. DIRECTORS, SENIOR MANAGEMENT AND EMPLOYEES

A. Directors and Senior Management

Directors and Executive Officers

The following table sets forth information regarding our directors and executive officers as of the date of this annual report.

Name	Age	Position
Xiaopeng He	47	Co-founder, Chairman, Executive Director and Chief Executive Officer
Ji-Xun Foo	56	Non-executive Director
Donghao Yang	53	Independent Non-executive Director
Fang Qu	40	Independent Non-executive Director
HongJiang Zhang	64	Independent Non-executive Director
Fengying Wang	54	President
Hongdi Brian Gu	52	Honorary Vice Chairman of the Board and Co-President
Jiaming (James) Wu	41	Vice President of Finance and Accounting
Yonghai Chen	44	Vice President of Product Planning

Xiaopeng He is our co-founder, executive director, chairman and chief executive officer. Mr. He currently holds directorships in other members of the Group. Prior to serving as chairman and chief executive officer of our company, Mr. He served at Alibaba Group Holding Limited, a public company listed on the NYSE (symbol: BABA) and the Hong Kong Stock Exchange (stock code: 9988), from June 2014 to August 2017, including serving as the president of Alibaba mobile business group, chairman of Alibaba Games and president of Tudou.com. In 2004, Mr. He co-founded UCWeb Inc., a Chinese mobile internet company that provides mobile internet software technology and services, and served as the president of product from January 2005 to June 2014. In June 2014, UCWeb Inc. was acquired by Alibaba Group Holding Limited. Mr. He previously served as an independent director and a member of the audit committee of HUYA Inc., a game live streaming platform company in China listed on the NYSE (symbol: HUYA) from May 2018 to May 2020. Mr. He received his bachelor's degree in computer science from South China University of Technology in July 1999. Mr. He obtained the qualification certificate of senior economist (technology entrepreneur) in business administration issued by the Human Resources and Social Security Department of Guangdong Province in January 2020.

Ji-Xun Foo is a non-executive director of our company. Mr. Foo has served as a managing partner at GGV Capital, a venture capital firm, from 2006 through 2023 and currently serves as a senior managing partner at Granite Asia, a multi-asset investment platform. From 2000 to 2005, Mr. Foo worked at Draper Fisher Jurvetson ePlanet Ventures L.P., a venture capital fund, and last served as a director. From 1996 to 2000, he served as a manager of the Finance and Investment Division of the National Science and Technology Board of Singapore. From 1993 to 1996, Mr. Foo served as the leader of a research and development project at Hewlett-Packard, an information technology company listed on the NYSE (symbol: HPQ). Mr. Foo has served as a director of Baidu, Inc., a company listed on the NASDAQ (symbol: BIDU) and the Stock Exchange (stock code: 9888) since July 2019. Mr. Foo served as a director of Bombardier Inc., a company listed on the Toronto Stock Exchange (symbol: BBD) from May 5, 2022 to November 6, 2024. Mr. Foo received his master of science degree in management of technology in January 1997 and his bachelor's degree with first class honors in engineering in June 1993 from the National University of Singapore.

Donghao Yang is an independent non-executive director of our company. Mr. Yang has served as a director of Yatsen Holding Limited, a company listed on the NYSE (symbol: YSG), since July 2020 and the chief financial officer of Yatsen Holding Limited since November 2020. Mr. Yang has served as a director of Vipshop Holdings Ltd., a company listed on the NYSE (symbol: VIPS), since November 2020 and served as the chief financial officer of Vipshop Holdings Ltd. from August 2011 to November 2020. Mr. Yang served as an independent director of Qingmu Digital Technology Co., Ltd., a company listed on the ChiNext Market of Shenzhen Stock Exchange (stock code: 301110), from July 2023 to January 2024. From 2010 to 2011, he served as the chief financial officer of Synutra International Inc., a company listed on the NASDAQ (symbol: SYUT). From 2007 to 2010, Mr. Yang served as the chief financial officer of Greater China of Tyson Foods, Inc., a company listed on the NYSE (symbol: TSN). From 2003 to 2007, Mr. Yang served as a finance director of Valmont Industries (China) Co., Ltd, a subsidiary of Valmont Industries, Inc., a company listed on the NYSE (symbol: VMI). Mr. Yang acquired corporate governance experience through his positions as a chief financial officer and director of Vipshop Holdings Ltd. and also as the chief financial officer of Synutra International Inc. and Greater China of Tyson Foods, Inc. His corporate governance experience includes, among others, (i) reviewing, monitoring and implementing companies' policies, practices and compliance, (ii) facilitating effective communication between the board of directors and management, (iii) reviewing related party transactions, and (iv) understanding the duty of directors to act in the best interests of the company and the shareholders as a whole. Mr. Yang received his master's degree in business administration from Harvard Business School in June 2003, and his bachelor's degree in international economics from Nankai University in July 1993.

Fang Qu is an independent non-executive director of our company. Prior to joining our company, Ms. Qu co-founded lifestyle community platform Xiaohongshu in 2013. She devoted herself to the development and leadership of Xiaohongshu and was responsible for Xiaohongshu's management, strategic partnerships, new business opportunities, and external affairs, and also participated in strategic planning as well as investments and acquisitions. Under her leadership, Xiaohongshu grew from a startup company into one of the important lifestyle community platforms in China. From 2008 to 2013, she managed different business units in Shanghai and Wuhan for a wholly-owned Norwegian entity under Wenao Culture. Prior to working at Wenao Culture, she joined the Bertelsmann Group where she led the marketing segment for its publishing business. Ms. Qu obtained corporate governance experience in the course of her startup and entrepreneurship experience of developing and leading Xiaohongshu. Her corporate governance experience includes, among others, (i) monitoring and implementing internal control systems, (ii) updating and optimizing corporate governance policies, and (iii) regular communication with the board of directors and shareholders. Ms. Qu received her bachelor's degree in international journalism and communication from Beijing Foreign Studies University in July 2006.

HongJiang Zhang is an independent non-executive director of our company. Dr. Zhang has served as a senior adviser of Carlyle Group since May 2018 and a venture partner at Source Code Capital since December 2016. From October 2011 to November 2016, he served as the chief executive officer and an executive director of Kingsoft Corporation Limited, a company listed on the Hong Kong Stock Exchange (stock code: 3888), and as the founder and chief executive officer of Kingsoft Cloud Holdings Limited, a company listed on the NASDAQ (symbol: KC). From April 1999 to October 2011, Dr. Zhang served as chief technology officer of the Microsoft Asia-Pacific Research and Development Group. Dr. Zhang was appointed as a Microsoft Distinguished Scientist in 2010. Dr. Zhang has served as an independent director of Zepp Health Corp., a company listed on the NYSE (symbol: ZEPP), since February 2018, and an independent non-executive director and chairman of AAC Technologies Holding Inc., a company listed on the Hong Kong Stock Exchange (stock code: 2018), since January 2019 and May 2020, respectively. He has also served as an independent non-executive director of BabyTree Group, a company listed on the Hong Kong Stock Exchange (stock code: 1761), from November 2018 to August 2022, and an independent director of Digital China Group Co., Ltd., a company listed on the Shenzhen Stock Exchange (stock code: 000034) from September 2017 to April 2021. Dr. Zhang was appointed as an independent director of Ant Group Co., Ltd. in September 2024. Dr. Zhang has accumulated extensive corporate governance experience through his positions as an independent non-executive director and independent director of Zepp Health Corp., AAC Technologies Holding Inc., BabyTree Group and Digital China Group Co., Ltd. His corporate governance experience includes, among others, (i) reviewing, monitoring and providing recommendations as to companies' policies, practices and compliance, (ii) facilitating effective communication between the board of directors and management, (iii) reviewing and opining on connected transactions, and (iv) understanding the requirements of the Listing Rules and directors' duty to act in the best interests of the company and the shareholders as a whole. Dr. Zhang received his Ph.D. in electronic engineering from Technical University of Denmark in October 1991, and his bachelor of science degree in radio electronics from Zhengzhou University in July 1982.

Fengying Wang is our president. Ms. Wang has over 30 years of experience in automotive industry. Prior to joining the Company, Ms. Wang served various positions in Great Wall Motor Company Limited, a company listed on The Stock Exchange of Hong Kong Limited (stock code: 2333.HK) and the Shanghai Stock Exchange (stock code: 601633.HK), from 1991 to 2022, including but not limited to, the vice chairman from March 2016 to March 2022, an executive director from June 2001 to March 2022 and the general manager from November 2002 to July 2022. Ms. Wang graduated from Tianjin Institute of Finance in 1999 and obtained a master's degree in economics.

Hongdi Brian Gu is our honorary vice chairman of our board of directors and co-president. Dr. Gu currently holds directorships in other members of the Group. Prior to joining the Group, Dr. Gu worked at J.P. Morgan Chase from 2004 to 2018 and held positions including managing director and chairman of J.P. Morgan Chase Asia Pacific Investment Bank. Dr. Gu previously served as a director of Uxin Limited, a company listed on the NASDAQ (symbol: UXIN) from June 2018 to June 2019. Dr. Gu received his Ph.D. in biochemistry from the University of Washington in August 1997, his master's degree in business administration from Yale University in May 1999, and his bachelor's degree in chemistry from the University of Oregon in June 1993.

Mr. Jiaming (James) Wu is our vice president of finance and accounting. Prior to joining the Group, Mr. Wu served as the vice president and chief financial officer of SAIC-GM-Wuling Automotive Co., Ltd. from July 2022 to May 2023. Mr. Wu served as the vice president and chief financial officer of PT SGMW Motor Indonesia from July 2019 to June 2022. From April 2017 to June 2019, Mr. Wu worked as a finance manager at the US headquarters of General Motors Company. From July 2012 to March 2017, Mr. Wu worked as a regional finance manager at General Motors International Operations (GMIO). Mr. Wu received his master's degree in business administration from Yale University in 2012, and his bachelor's degree in economics from Shanghai University of International Business and Economics in 2006.

Yonghai Chen is our vice president of product planning. Mr. Chen joined the Group as vice president since January 2022. Prior to joining the Group, Mr. Chen served as the vice president of products of AutoNavi Holdings Limited from 2014 to 2021. Mr. Chen graduated from Beijing Jiaotong University and obtained a master's degree in safety technology and engineering in 2006.

Arrangements between and with Shareholders

Pursuant to the Investor Rights Agreement between the Volkswagen Group and us, dated July 26, 2023, we have agreed to appoint an individual nominated by the Volkswagen Group as a non-voting observer to our Board upon the closing of the Volkswagen Investment, as long as the Volkswagen Group continuously holds not less than 3% of the total issued and outstanding shares of the Company. Such observer shall be subject to obligations of non-disclosure of, and no improper use of, confidential information (including inside information) relating to our business and our insider trading policies and procedures, as if such observer is a director. If the holding of the total issued and outstanding shares of the Company by the Volkswagen Group and its affiliates reaches 5% within six months after the completion of the Volkswagen Investment and thereafter is continuously maintained, the Volkswagen Group shall be entitled to present a candidate to our nomination committee and our Board for consideration for appointment as a director. Upon approval by the nomination committee of the Board and the Board, the Company shall appoint such candidate as a Director in compliance with the memorandum and articles of association of the Company and applicable laws and regulations. As of the date of this annual report, the Volkswagen Group has appointed a non-voting observer to our Board.

B. Compensation

Compensation

In 2024, we paid an aggregate cash compensation and benefits in kind of RMB91.8 million to our directors and executive officers as a group. We did not pay any other cash compensation or benefits in kind to our directors and executive officers. We have not set aside or accrued any amount to provide pension, retirement or other similar benefits to our directors and executive officers. Our PRC subsidiaries are required by law to make contributions equal to certain percentages of each employee's salary for his or her pension insurance, medical insurance, unemployment insurance and other statutory benefits and a housing provident fund. Our board of directors may determine compensation to be paid to the directors and the executive officers. The compensation committee will assist the directors in reviewing and approving the compensation structure for the directors and the executive officers.

For information regarding share awards granted to our directors and executive officers, see "-Share Incentive Plan."

Employment Agreements and Indemnification Agreements

We have entered into employment agreements with each of our executive officers. Under these agreements, our executive officers are typically employed for a specified time period. We may terminate employment for cause, at any time, without advance notice, for certain acts of the executive officer, such as conviction or plea of guilty to a felony or any crime, or serious breach of duty of loyalty to us. We may also terminate an executive officer's employment without cause pursuant to applicable law of the jurisdiction where the executive officer is based. Executive officers typically may resign at any time with a 30-day advance written notice.

Executive officers have agreed to hold, both during and after the termination or expiry of his or her employment agreement, in strict confidence and not to use, except as required in the performance of his or her duties in connection with the employment or pursuant to applicable law, any of our confidential information or trade secrets, any confidential information or trade secrets of our business partners, or the confidential or proprietary information of any third party received by us and for which we have confidential obligations.

In addition, executive officers have agreed to be bound by non-competition and non-solicitation restrictions during the term of his or her employment and for a period of time following the last date of employment. Specifically, executive officers have agreed not to (i) represent himself or herself as being in any way, connected with or interested in our business; (ii) be engaged in, or concerned directly or indirectly in any capacity, in any business concern which is in competition with our business; (iii) contact and influence our suppliers, customers or other third parties who have business relationships with us; or (iv) seek directly or indirectly, to solicit the services of any of our employees who is employed by us on or after the date of the executive officer's termination, or in the 12 months preceding such termination.

We have entered into indemnification agreements with each of our directors and executive officers. Under these agreements, we may agree to indemnify our directors and executive officers against certain liabilities and expenses incurred by such persons in connection with claims made by reason of their being a director or officer of our company.

Share Incentive Plans

In June 2020, XPeng Inc. adopted a share incentive plan, which was amended and restated in August 2020 and further amended and restated in June 2021, or the 2019 Plan, which allows us to grant restricted shares, RSUs and other equity awards to our employees, directors and consultants. The maximum number of ordinary shares that may be subject to equity awards pursuant to the 2019 Plan, or the share reserve, was initially set at 161,462,100.

In March, 2025, our board of directors further adopted an additional share incentive scheme, or the 2025 Scheme. As of the date of this annual report, the 2025 Scheme is conditional on: (i) the passing by the shareholders at a general meeting of our company of an ordinary resolution to approve the adoption of the 2025 Scheme; (ii) the Hong Kong Stock Exchange granting the approval for the listing of, and permission to deal in, the Class A ordinary shares to be allotted and issued in respect of any awards which may be granted under the 2025 Scheme; (iii) the New York Stock Exchange granting the approval for the supplemental listing application for the listing of, and permission to deal in, the ADSs representing the Class A ordinary shares to be allotted and issued in respect of any awards which may be granted under the 2025 Scheme; and (iv) the effectiveness of the company's filing of a Form S-8 for the registration of the Class A ordinary shares to be allotted and issued in respect of any awards which may be granted under the 2025 Scheme. The purpose of the 2025 Scheme is to reward eligible participants who have contributed or will contribute to the Group, and to encourage eligible participants to work towards enhancing the value of our company and its shares for the benefit of our Company and shareholders as a whole. The 2019 Plan will still be valid and effective after adoption of the 2025 Scheme.

The following paragraphs describe the principal terms of the 2019 Plan.

Administration

The 2019 Plan is administered by the ESOP committee established by our board of directors. The administrator will determine the terms and conditions of each equity award.

Change in Control

In the event of a change in control, the administrators may accelerate the vesting, purchase of equity awards from holders and provide for the assumption, conversion or replacement of equity awards.

Term

Unless terminated earlier, the 2019 Plan will continue in effect for a term of ten years from the date of its adoption, which is June 28, 2020.

Award Agreements

Equity awards granted under the 2019 Plan are evidenced by award agreements that set forth the terms, conditions and limitations for each award, which must be consistent with the Plan.

Vesting Schedule

The vesting schedule of each equity award granted under the 2019 Plan will be set forth in the award agreement for such equity award.

Amendment and Termination

The 2019 Plan may at any time be amended or terminated with the approval of the board.

RSU Grants

As of March 31, 2025, RSUs which represent 28,929,757 underlying Class A ordinary shares were outstanding (which do not include the Class A ordinary shares underlying the vested RSUs), and 27,216 shares underlying such RSUs were held by XPeng Fortune Holdings Limited, which has been established for our share incentive plan. The table below summarizes the outstanding RSUs granted to our directors and executive officers:

Name	Position	Ordinary Shares Underlying Outstanding RSUs granted	Grant Date
Fengying Wang	President	*	March 2023
Hongdi Brian Gu	Honorary Vice Chairman of the Board and Co-President	*	June 2020
		*	July 2020
Jiaming (James) Wu	Vice President of Finance and Accounting	*	July 2023
Yonghai Chen	Vice President of Product Planning	*	January 2022

Name	Position	Ordinary Shares Underlying Outstanding RSUs granted	Grant Date
		*	October 2022
		*	October 2023
		*	October 2024
Fang Qu	Independent Non-executive Director	*	June 2021
Donghao Yang	Independent Non-executive Director	*	June 2021
		*	July 2024
Xiaopeng He(1)	Co-founder, Chairman, Executive Director and Chief Executive Officer	28,506,786	March 2025

* Less than 1% of our outstanding shares.

(1) Our company has conditionally granted a total of 28,506,786 RSUs under the 2025 Scheme to Mr. He (the "Proposed Grant"), which is subject to, among other things, (i) the effectiveness of the 2025 Scheme, which requires, among other things, the approval of the shareholders to adopt the 2025 Scheme; and (ii) the approval of the independent shareholders pursuant to the applicable listing and regulatory requirements for the Proposed Grant. The Proposed Grant shall vest after 12 months vesting period upon satisfaction of certain performance targets.

C. Board Practices

Our board of directors consists of five directors, including one executive director, one non-executive director and three independent non-executive directors. Under our current memorandum and articles of association, a director is not required to hold any shares in our company to qualify to serve as a director. A director may vote with respect to any contract or any proposed contract or arrangement in which he is interested, and if he does so his vote shall be counted and he may be counted in the quorum at any meeting of our directors at which any such contract or proposed contract or arrangement is considered, provided (a) such director has declared the nature of his interest at the meeting of the board at which the question of entering into the contract or arrangement is first considered if he knows his interest then exists, or in any other case at the first meeting of the board after he knows he is or has become so interested, either specifically or by way of a general notice and (b) if such contract or arrangement is a transaction with a related party, such transaction has been approved by the audit committee. The directors may exercise all the powers of the company to borrow money, to mortgage or charge its undertaking, property and uncalled capital, and to issue debentures or other securities whenever money is borrowed or as security for any debt, liability or obligation of the company or of any third party. None of our non-executive directors has a service contract with us that provides for benefits upon termination of service. Subject to such exceptions specified in the articles of association of our company, a director shall not vote on any board resolution approving any contract or arrangement or any other proposal in which he or any of his close associates has a material interest nor shall he be counted in the quorum present at the meeting.

Duties of Directors

Under Cayman Islands law, our directors have a fiduciary duty to act honestly in good faith with a view to our best interests. Our directors also have a duty to exercise the care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances. In fulfilling their duty of care to us, our directors must ensure compliance with our memorandum and articles of association, as amended and restated from time to time. A shareholder has the right to seek damages if a duty owed by our directors is breached.

The functions and powers of our board of directors include, among others:

- conducting and managing the business of our company;
- representing our company in contracts and deals;

- appointing attorneys for our company;
- select senior management such as managing directors and executive directors;
- providing employee benefits and pension;
- managing our company's finance and bank accounts;
- exercising the borrowing powers of our company and mortgaging the property of our company; and
- exercising any other powers conferred by the shareholders meetings or under our memorandum and articles of association, as amended and restated from time to time.

Terms of Directors and Executive Officers

Our directors may be elected by an ordinary resolution of our shareholders, pursuant to our current memorandum and articles of association. Each of our directors will hold office until his or her successor takes office or until his or her earlier death, resignation or removal or the expiration of his or her term as provided in the written agreement with our company, if any. A director will cease to be a director if, among other things, the director (i) dies, or becomes bankrupt or makes any arrangement or composition with his creditors; (ii) is found to be or becomes of unsound mind, (iii) resigns his office by notice in writing to us, or (iv) without special leave of absence from our board, is absent from three consecutive board meetings and our directors resolve that his office be vacated. Our officers are elected by and serve at the discretion of the board of directors.

Board Committees

Our board of directors has established an audit committee, a compensation committee, a nomination committee and a corporate governance committee. We have adopted a charter for each of the committees. Each committee's members and functions are described below.

Audit Committee

Our audit committee consists of Mr. Donghao Yang, Dr. HongJiang Zhang and Mr. Ji-Xun Foo. Mr. Donghao Yang is the chairperson of our audit committee. Mr. Donghao Yang satisfies the criteria of an audit committee financial expert as set forth under the applicable rules of the SEC. Each of Mr. Donghao Yang, Dr. HongJiang Zhang and Mr. Ji-Xun Foo meets the criteria for independence set forth in Rule 10A-3 of the United States Securities Exchange Act of 1934, as amended, or the Exchange Act; each of Mr. Donghao Yang and Dr. HongJiang Zhang satisfies the requirements for an "independent director" within the meaning of Section 303A.02 of the NYSE Listed Company Manual.

The audit committee oversees our accounting and financial reporting processes and the audits of our financial statements. Our audit committee is responsible for, among other things:

- selecting the independent auditor;
- pre-approving auditing and non-auditing services permitted to be performed by the independent auditor;
- annually reviewing the independent auditor's report describing the auditing firm's internal quality control procedures, any material issues raised by the most recent internal quality control review, or peer review, of the independent auditors and all relationships between the independent auditor and our company;
- setting clear hiring policies for employees and former employees of the independent auditors;

- reviewing with the independent auditor any audit problems or difficulties and management's response;
- reviewing and, if material, approving all related party transactions on an ongoing basis;
- reviewing and discussing the annual audited financial statements with management and the independent auditor;
- reviewing and discussing with management and the independent auditors major issues regarding accounting principles and financial statement presentations;
- reviewing reports prepared by management or the independent auditors relating to significant financial reporting issues and judgments;
- discussing earnings press releases with management, as well as financial information and earnings guidance provided to analysts and rating agencies;
- reviewing with management and the independent auditors the effect of regulatory and accounting initiatives, as well as off-balance sheet structures, on our financial statements;
- discussing policies with respect to risk assessment and risk management with management, internal auditors and the independent auditor;
- timely reviewing reports from the independent auditor regarding all critical accounting policies and practices to be used by our company, all alternative treatments of financial information within U.S. GAAP that have been discussed with management and all other material written communications between the independent auditor and management;
- establishing procedures for the receipt, retention and treatment of complaints received from our employees regarding accounting, internal accounting controls or auditing matters and the confidential, anonymous submission by our employees of concerns regarding questionable accounting or auditing matters;
- annually reviewing and reassessing the adequacy of our audit committee charter;
- such other matters that are specifically delegated to our audit committee by our board of directors from time to time;
- meeting separately, periodically, with management, internal auditors and the independent auditor; and
- reporting regularly to the full board of directors.

Compensation Committee

Our compensation committee consists of Mr. Xiaopeng He, Ms. Fang Qu and Dr. HongJiang Zhang. The chairperson of our compensation committee is Ms. Fang Qu. Each of Ms. Fang Qu and Dr. HongJiang Zhang satisfies the requirements for an "independent director" within the meaning of Section 303A of the NYSE Listed Company Manual.

Our compensation committee is responsible for, among other things:

- reviewing, evaluating and, if necessary, revising our overall compensation policies;

- reviewing and evaluating the performance of our directors and senior officers and determining the compensation of our senior officers;
- reviewing and approving our senior officers' employment agreements with us;
- setting performance targets for our senior officers with respect to our incentive compensation plan and equity-based compensation plans; and
- such other matters that are specifically delegated to the remuneration committee by our board of directors from time to time.

Nomination Committee

Our nomination committee consists of Mr. Xiaopeng He, Ms. Fang Qu and Dr. HongJiang Zhang. The chairperson of the nomination committee is Dr. HongJiang Zhang. Each of Ms. Fang Qu and Dr. HongJiang Zhang satisfies the requirements for an "independent director" within the meaning of Section 303A of the NYSE Listed Company Manual. The primary duties of the nomination committee are, among other things, to make recommendations to the board regarding the appointment of directors and board succession.

Corporate Governance Committee

Our corporate governance committee consists of Mr. Donghao Yang, Ms. Fang Qu and Dr. HongJiang Zhang. The chairperson of the corporate governance committee is Mr. Donghao Yang. Each of Mr. Donghao Yang, Ms. Fang Qu and Dr. HongJiang Zhang satisfies the requirements for an "independent director" within the meaning of Section 303A of the NYSE Listed Company Manual.

Our corporate governance committee is responsible for, among other things:

- Developing and reviewing our company's policies and practices on corporate governance and make recommendations to the board;
- Reviewing and monitoring the training and continuous professional development of directors and senior management;
- Reviewing and monitoring our company's policies and practices on compliance with legal and regulatory requirements;
- Developing, reviewing and monitoring the code of conduct and compliance manual (if any) applicable to employees and directors;
- Reviewing our company's compliance with certain Hong Kong Listing Rules;
- Reviewing and monitoring whether our company is operated and managed for the benefit of all of its share-holders;
- Reviewing and monitoring the management of conflicts of interests and make a recommendation to the board on any matter where there is a potential conflict of interest;
- Reviewing and monitoring all risks related to our multiple class voting structure; and
- Reporting on the work of the corporate governance committee on at least a half-yearly and annual basis covering all areas of its terms of reference.

D. Employees

See "Item 4. Information on the Company—B. Business Overview—Employees."

E. Share Ownership

The following table sets forth information as of March 31, 2025 with respect to the beneficial ownership of our ordinary shares by:

- each of our directors and executive officers; and
- each person known to us to beneficially own 5.0% or more of our Class A ordinary shares.

Beneficial ownership is determined in accordance with the rules of the SEC and includes voting or investment power with respect to, or the power to receive the economic benefit of ownership of, the securities. In computing the number of shares beneficially owned by a person and the percentage ownership of that person, we have included shares that the person has the right to acquire within 60 days, including through the exercise of any option or other right or the conversion of any other security. However, these shares are not included in the computation of the percentage ownership of any other person.

As of March 31, 2025, the total number of ordinary shares outstanding was 1,900,448,525, comprising 1,551,740,268 Class A ordinary shares and 348,708,257 Class B ordinary shares, excluding 2,468,182 Class A ordinary shares issued to our depositary bank for bulk issuance of ADSs and reserved for future issuance upon the exercise or vesting of awards granted under our 2019 Equity Incentive Plan.

	Ordinary Shares Beneficially Owned				
	Class A ordinary shares	Percentage of total Class A ordinary shares	Class B ordinary shares	Percentage of total ordinary shares†	Percentage of aggregate voting power††
Directors and Executive Officers:**					
Xiaopeng He(1)	8,239,844	0.5%	348,708,257	18.8%	69.4%
Ji-Xun Foo	—	—	—	—	—
Donghao Yang	—	—	—	—	—
Fang Qu	*	*	—	*	*
HongJiang Zhang	—	—	—	—	—
Fengying Wang	*	*	—	*	*
Hongdi Brian Gu(2)	36,924,660	2.4%	—	1.9%	0.7%
Jiaming (James) Wu	*	*	—	*	*
Yonghai Chen	*	*	—	*	*
All Directors and Executive Officers as a Group	46,583,204	3.0%	348,708,257	20.8%	70.1%
Principal Shareholders:					
Simplicity and Respect entities(3)	7,239,844	0.5%	348,708,257	18.7%	69.3%
Volkswagen Group(4)	94,079,255	6.1%	—	4.95%	1.9%
BlackRock, Inc.(5)	83,101,305	5.4%	—	4.4%	1.6%

† For each person and group included in this column, percentage ownership is calculated by dividing the number of ordinary shares beneficially owned by such person or group, including shares that such person or group has the right to acquire within 60 days after March 31, 2025, by the sum of (i) the total number of ordinary shares issued and outstanding as of March 31, 2025, and (ii) the number of ordinary shares that such person or group has the right to acquire beneficial ownership within 60 days after March 31, 2025.

†† For each person and group included in this column, percentage of voting power is calculated by dividing the voting power beneficially owned by such person or group by the voting power of all of our Class A and Class B ordinary shares as a single class. In respect of matters requiring a shareholder vote, each Class A ordinary share is entitled to one vote and each Class B ordinary share is entitled to 10 votes. Each Class B ordinary share is convertible into one Class A ordinary share at any time by the holder thereof. Class A ordinary shares are not convertible into Class B ordinary shares under any circumstances.

* Less than 1% of our total outstanding shares.

** The business address for our directors and executive officers is No. 8 Songgang Road, Changxing Street, Cencun, Tianhe District, Guangzhou, Guangdong 510640, People's Republic of China.

(1) Represents (i) 4,400,000 Class A ordinary shares represented by ADSs and 327,708,257 Class B ordinary shares held by Simplicity Holding Limited, (ii) 21,000,000 Class B ordinary shares held by Respect Holding Limited, (iii) 2,839,844 Class A ordinary shares represented by ADSs held by Galaxy Dynasty Limited, and (iv) 1,000,000 Class A ordinary shares held directly by Mr. He. Simplicity Holding Limited, Respect Holding Limited and Galaxy Dynasty Limited are further described in footnote 3 below. In addition, we have conditionally granted a total of 28,506,786 RSUs under the 2025 Scheme to Mr. He (the "Proposed Grant"), which are subject to, among other things, (i) the effectiveness of the 2025 Scheme, which requires, among other things, the approval of the shareholders to adopt the 2025 Scheme; and (ii) the approval of the independent shareholders pursuant to the applicable listing and regulatory requirements for the Proposed Grant. The Proposed Grant shall vest after 12 months vesting period upon satisfaction of certain performance targets.

(2) Represents (i) 4,750,000 Class A ordinary shares held by Hongdi Brian Gu, (ii) 31,074,660 Class A ordinary shares held by Quack Holding Limited, and (iii) 1,100,000 Class A ordinary shares represented by ADSs owned by Quack Holding Limited. Quack Holding Limited is a limited liability company incorporated under the laws of the British Virgin Islands with its registered office at Craigmuir Chambers, Road Town, Tortola VG 1110, British Virgin Islands. Quack Holding Limited is wholly-owned by Mr. Hongdi Brian Gu, who is deemed to be the beneficial owner of the shares held by Quack Holding Limited.

(3) Represents (i) 4,400,000 Class A ordinary shares represented by ADSs and 327,708,257 Class B ordinary shares held by Simplicity Holding Limited, (ii) 21,000,000 Class B ordinary shares held by Respect Holding Limited, and (iii) 2,839,844 Class A ordinary shares represented by ADSs held by Galaxy Dynasty Limited. Simplicity Holding Limited is a limited liability company incorporated under the laws of the British Virgin Islands with its registered office at the office of Vistra Corporate Services Centre, Wickhams Cay II, Road Town, Tortola, VG 1110, British Virgin Islands. Simplicity Holding Limited is wholly-owned by Mr. Xiaopeng He, who is deemed to be the beneficial owner of the shares held by Simplicity Holding Limited. Respect Holding Limited is a limited liability company incorporated under the laws of the British Virgin Islands with its registered office at the office of Vistra Corporate Services Centre, Wickhams Cay II, Road Town, Tortola VG 1110, British Virgin Islands. Respect Holding Limited is wholly-owned by Mr. Xiaopeng He, who is deemed to be the beneficial owner of the shares held by Respect Holding Limited. Galaxy Dynasty Limited is a limited liability company incorporated under the laws of the British Virgin Islands with its registered office at the office of Vistra Corporate Services Centre, Wickhams Cay II, Road Town, Tortola VG 1110, British Virgin Islands. Galaxy Dynasty Limited is wholly-owned by Mr. He, who is deemed to be the beneficial owner of the shares held by Galaxy Dynasty Limited. Simplicity Holding Limited, Respect Holding Limited and Galaxy Dynasty Limited are collectively referred to as Simplicity and Respect entities.

(4) Represents 94,079,255 Class A ordinary shares held by Volkswagen Finance Luxemburg S.A. Volkswagen Finance Luxemburg S.A. is a company incorporated under the laws of Luxembourg, with its principal business office at 19/21 route d'Arlon, Block B, L - 8009 Strassen, Luxembourg. Volkswagen Finance Luxemburg S.A. is a wholly-owned subsidiary of Volkswagen AG, which is deemed to be the beneficial owner of the shares held by Volkswagen Finance Luxemburg S.A. Volkswagen AG is, a company incorporated under the laws of Germany with limited liability with its principal business office at Berliner Ring 2, 38440, Wolfsburg, Germany, and a public company listed on Frankfurt Stock Exchange in Germany.

(5) Represents 83,101,305 Class A ordinary shares in which Blackrock Inc. held long position for the purpose of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) through a series of controlled entities and of which 3,029,768 are subject to cash settled unlisted derivatives. On the other hand, Blackrock Inc. also held short position for the purpose of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) in 99,268 Class A ordinary shares through certain controlled entities, of which 14,034 Class A ordinary shares are subject to cash settled unlisted derivatives.

To our knowledge, as of March 31, 2025, a total of 473,154,380 Class A ordinary shares (representing approximately 30.5% of our total outstanding Class A ordinary shares) was held by Citibank, N.A., the depositary for our ADS program, via its Hong Kong nominees for the benefit of the holders and beneficial owners of our ADSs. One record holder in the United States held a de minimis number of our Class A ordinary shares. The number of beneficial owners of our ADSs in the United States is likely to be much larger than the number of record holders of our Class A ordinary shares in the United States. We are not aware of any arrangement that may, at a subsequent date, result in a change of control of our company.

F. Disclosure of a Registrant's Action to Recover Erroneously Awarded Compensation

Not applicable.

ITEM 7. MAJOR SHAREHOLDERS AND RELATED PARTY TRANSACTIONS

A. Major Shareholders

Please refer to "Item 6. Directors, Senior Management and Employees — E. Share Ownership."

B. Related Party Transactions

Transaction with Xiaopeng He

As of December 31, 2022, amounts due from Mr. He represent the receivables for operation support service and sales of goods amounting to RMB44.8 million and RMB 2.4 million to the companies significantly influenced by Mr. He. As of December 31, 2023, amounts due from Mr. He represent receivables for operation support service and sales of goods amounting to RMB12.6 million and RMB0.4 million, respectively, to the companies significantly influenced by Mr. He. As of December 31, 2024, amounts due from the companies significantly influenced by Mr. He represent receivables for operation support service and sales of goods amounting to RMB43.7 million.

As of December 2022, amounts due to Mr. He represent the payables for assets purchased amounting to RMB1.0 million to the companies significantly influenced by Mr. He. As of December 31, 2023, amounts due to Mr. He represent advances from the companies influenced by Mr. He of a *de minimis* amount. As of December 31, 2024, amounts due to the companies significantly influenced by Mr. He represent payables for purchased services and advances amounting to RMB9.4 million.

On September 29, 2023, the Company entered into share purchase agreements with Dogotix and its shareholders, which include a wholly-owned company of Mr. He, pursuant to which, the shareholders of Dogotix agreed to sell and the Company agreed to purchase 74.82% of the total issued shares of Dogotix as of the same day for a total consideration of approximately US$98.96 million.

On January 2, 2024, Guangdong Xiaopeng entered into a cooperation framework agreement with Guangdong Huitian Aerospace Technology Co., Ltd. (广东汇天航空航天科技有限公司, "Guangdong Huitian"), pursuant to which Guangdong Xiaopeng and Guangdong Huitian agreed to cooperate in the research and development, manufacture, sales and after-sales service of flying vehicles, and Guangdong Xiaopeng will provide R&D service, technology consulting service and sales agent service to Guangdong Huitian. Guangdong Huitian is significantly influenced by Mr. He.

Contractual Arrangements with the Group VIEs and Their Respective Shareholders

See "Item 4. Information on the Company—C. Organizational Structure."

Registration Right Agreement

On August 20, 2020, we entered into a registration right agreement with our shareholders, under which we have granted certain registration rights to holders of our registrable securities. Set forth below is a description of the registration rights under this agreement.

Required Registration Rights

At any time or from time to time after the date that is six months after the closing of our initial public offering, holders holding 25% or more of the registrable securities have the right to request that we effect a registration under the Securities Act covering the registration of all or part of their registrable securities, so long as the anticipated aggregate offering price to the public of such registrable securities is no less than $5,000,000. We, however, are not obligated to effect a required registration if we have already effected two required registrations, unless less than 50% of the registrable securities sought to be included in the required registration were sold.

Piggyback Registration Rights

If we propose to file a registration statement in connection with a public offering of securities of our company, other than relating to (i) an employee share option plan, (ii) corporate reorganization or transaction under Rule 145 of the Securities Act, (iii) on any form that does not include substantially the same information as would be required to be included in a registration statement covering the sale of the registrable securities, or (iv) a registration in which the only shares being registered are those issuable upon conversion of debt securities, then we must offer each holder of the registrable securities the opportunity to include their shares in the registration statement.

Form F-3 Registration Rights

When eligible for use of form F-3, holders of the registrable securities have the right to request in writing that we file a registration statement on Form F-3. Registration pursuant to Form F-3 registration rights will not be deemed to be a required registration. We, however, are not obligated to effect a registration on Form F-3 if (i) the aggregate price of the registrable securities requested to be sold pursuant to such registration is, in the good faith judgment of our board of directors, expected to be less than $5,000,000, or (ii) we have already effected two such registrations within any twelve-month period preceding the date of the registration request.

Expenses of Registration

We will pay all expenses incurred in connection with any required registration, piggyback registration or Form F-3 registration, including, among others, registration and filing fees, compliance fees, listing fees, printing expenses, fees and disbursements of counsel and independent public accountants of our company, fees and disbursements of the underwriters, but excluding underwriting discounts and commissions and share transfer taxes. We will not, however, be required to pay for any expenses of any registration proceeding begun pursuant to required registration rights, if the registration request is subsequently withdrawn at the request of the holders of a majority of the registrable securities requested to be registered, subject to certain exceptions.

Termination of Registration Rights

The registration rights discussed above shall terminate (i) five years after our initial public offering, or (ii) with respect to any holder, the date on which such holder may sell all of its registrable securities under Rule 144 of the Securities Act in any three-month period.

Employment Agreements and Indemnification Agreements

See “Item 6. Directors, Senior Management and Employees—B. Compensation—Employment Agreements and Indemnification Agreements.”

Share Incentive Plan

See "Item 6. Directors, Senior Management and Employees—B. Compensation—Share Incentive Plan."

C. Interests of Experts and Counsel

Not Applicable.

ITEM 8. FINANCIAL INFORMATION

A. Consolidated Statements and Other Financial Information

We have appended consolidated financial statements filed as part of this annual report.

Legal and Administrative Proceedings

See "Item 4. Information on the Company—B. Business Overview—Legal Proceedings."

Dividend Policy

Since inception, we have not declared or paid any dividends on our shares. We do not have any present plan to declare or pay any dividends on our ordinary shares or ADSs in the foreseeable future. We intend to retain most, if not all, of our available funds and any future earnings to operate and expand our business. Any other future determination to pay dividends will be made at the discretion of our board of directors. In addition, our shareholders may by ordinary resolution declare a dividend, but no dividend may exceed the amount recommended by our board of directors. In either case, all dividends are subject to certain restrictions under Cayman Islands law, namely that our company may only pay dividends out of profits or share premium, and provided always that in no circumstances may a dividend be paid if this would result in our company being unable to pay its debts as they fall due in the ordinary course of business. Even if we decide to pay dividends, the form, frequency and amount may be based on a number of factors, including our future operations and earnings, capital requirements and surplus, general financial condition, contractual restrictions and other factors that the board of directors may deem relevant.

If we pay any dividends on our ordinary shares, we will pay those dividends which are payable in respect of the Class A ordinary shares underlying the ADSs to the depositary, as the registered holder of such Class A ordinary shares, and the depositary then will pay such amounts to the ADS holders in proportion to the Class A ordinary shares underlying the ADSs held by such ADS holders, subject to the terms of the Deposit Agreement, net of the fees and expenses payable thereunder. See "Item 12. Description of Securities other than Equity Securities—American Depositary Shares." Cash dividends on our Class A ordinary shares, if any, will be paid in U.S. dollars.

We are a holding company incorporated in the Cayman Islands. In order for us to distribute any dividends to our shareholders, we may rely on dividends distributed by our PRC subsidiaries for our cash requirements. PRC regulations may restrict the ability of our PRC subsidiaries to pay dividends to us. For example, certain payments from our PRC subsidiaries to us may be subject to PRC withholding income tax. In addition, regulations in the PRC currently permit payment of dividends of a PRC company only out of accumulated distributable after-tax profits as determined in accordance with its articles of association and the accounting standards and regulations in China. Each of our PRC subsidiaries is required to set aside at least 10% of its after-tax profit based on PRC accounting standards every year to a statutory common reserve fund until the aggregate amount of such reserve fund reaches 50% of the registered capital of such subsidiary. Such statutory reserves are not distributable as loans, advances or cash dividends. See "Item 3.Key Information—D. Risk Factors—Risks Relating to Doing Business in China—We rely to a significant extent on dividends and other distributions on equity paid by our principal operating subsidiaries and service fees paid by the Group VIEs to fund offshore cash and financing requirements. Any limitation on the ability of our PRC operating subsidiaries to make payments to us could have a material adverse effect on our ability to conduct our business."

B. Significant Changes

We have not experienced any other significant changes since the date of our audited consolidated financial statements included in this annual report.

ITEM 9. THE OFFER AND LISTING

A. Offer and Listing Details

Our ADSs, each representing two of our Class A ordinary shares, have been listed on the New York Stock Exchange since August 27, 2020 under the symbol "XPEV." Our Class A ordinary shares have been listed on the Hong Kong Stock Exchange since July 7, 2021, under the stock code "9868."

B. Plan of Distribution

Not Applicable.

C. Markets

Our ADSs, each representing two of our Class A ordinary shares, have been listed on the New York Stock Exchange since August 27, 2020 under the symbol "XPEV." Our Class A ordinary shares have been listed on the Hong Kong Stock Exchange since July 7, 2021, under the stock code "9868."

D. Selling Shareholders

Not Applicable.

E. Dilution

Not Applicable.

F. Expenses of the Issue

Not Applicable.

ITEM 10. ADDITIONAL INFORMATION

A. Share Capital

Not Applicable.

B. Memorandum and Articles of Association

We are a Cayman Islands exempted company with limited liability and our affairs are governed by our memorandum and articles of association, the Companies Act and the common law of the Cayman Islands. Our ninth amended and restated memorandum and articles of association became effective on June 20, 2023.

Our registered office is situated at Harneys Fiduciary (Cayman) Limited, 4th Floor, Harbour Place, 103 South Church Street, P.O. Box 10240, Grand Cayman KY1-1002, Cayman Islands or at such other place in the Cayman Islands as our directors may from time to time decide. Under our current ninth amended and restated memorandum and articles of association, the objects for which our company is established are unrestricted and our company have full power to carry out any object not prohibited by any law as provided by Section 7 (4) of the Companies Act of Cayman Islands.

For certain provisions of our memorandum and articles of association with respect to directors, see "Item 6. Directors, Senior Management and Employees—C. Board Practices." Please further refer to the information set forth in exhibit 2.4 to this annual report.

C. Material Contracts

We have not entered into any material contracts other than in the ordinary course of business and other than those described in "Item 4. Information on the Company" or elsewhere in this annual report.

D. Exchange Controls

See "Item 4. Information on the Company—B. Business Overview—Regulation—Regulation Related to Foreign Exchange and Dividend Distribution—Regulation on Foreign Currency Exchange."

E. Taxation

The following is a general summary of certain Cayman Islands, People's Republic of China and United States federal income tax consequences relevant to an investment in the ADSs and Class A ordinary shares. The discussion is not intended to be, nor should it be construed as, legal or tax advice to any particular prospective purchaser. The discussion is based on laws and relevant interpretations thereof in effect as of the date of this annual report, all of which are subject to change or different interpretations, possibly with retroactive effect. The discussion does not address U.S. state or local tax laws, or tax laws of jurisdictions other than the Cayman Islands, the People's Republic of China and the United States. You should consult your own tax advisors with respect to the consequences of acquisition, ownership and disposition of the ADSs and Class A ordinary shares.

Cayman Islands Taxation

The Cayman Islands currently levies no taxes on individuals or corporations based upon profits, income, gains or appreciation, and there is no taxation in the nature of inheritance tax or estate duty. There are no other taxes likely to be material to us or holders of the ADSs or Class A ordinary shares levied by the government of the Cayman Islands, except for stamp duties which may be applicable on instruments executed in, or after execution brought within the jurisdiction of, the Cayman Islands. The Cayman Islands is not party to any double tax treaties that are applicable to any payments made to or by our company. There are no exchange control regulations or currency restrictions in the Cayman Islands.

Payments of dividends and capital in respect of the ADSs or Class A ordinary shares will not be subject to taxation in the Cayman Islands and no withholding will be required on the payment of a dividend or capital to any holder of the ADSs or Class A ordinary shares, nor will gains derived from the disposal of the ADSs or Class A ordinary shares be subject to Cayman Islands income or corporation tax.

People's Republic of China Taxation

Pursuant to the Enterprise Income Tax Law, which was promulgated by the National People's Congress on March 16, 2007, took effect on January 1, 2008 and was last amended on December 29, 2018, enterprises organized under the laws of jurisdictions outside China with their "de facto management bodies" located within China may be considered PRC resident enterprises and therefore subject to PRC enterprise income tax at the rate of 25% on their worldwide income. The implementing rules of the Enterprise Income Tax Law further define the term "de facto management body" as the management body that exercises substantial and overall management and control over the production and operations, personnel, accounting and assets of an enterprise. While we do not currently consider our company or any of our overseas subsidiaries to be a PRC resident enterprise, there is a risk that the PRC tax authorities may deem our company or any of our overseas subsidiaries as a PRC resident enterprise since a substantial majority of the members of our management team as well as the management team of some of our overseas subsidiaries are located in China, in which case we or the overseas subsidiaries, as the case may be, would be subject to the PRC enterprise income tax at the rate of 25% on worldwide income. If the PRC tax authorities determine that our Cayman Islands holding company is a "resident enterprise" for PRC enterprise income tax purposes, a number of unfavorable PRC tax consequences could follow. One example is a 10% withholding tax would be imposed on dividends we pay to our non-PRC enterprise shareholders and with respect to gains derived by our non-PRC enterprise shareholders from transferring our shares or ADSs. Furthermore, dividends payable to individual investors who are non-PRC residents and any gain realized on the transfer of ADSs or ordinary shares by such investors may be subject to PRC tax at a current rate of 20%. Any PRC tax liability may be subject to reduction or exemption set forth in applicable tax treaties or under applicable tax arrangements between jurisdictions. It is unclear whether, if we are considered a PRC resident enterprise, holders of our shares or ADSs would be able to claim the benefit of income tax treaties or agreements entered into between China and other countries or areas.

Hong Kong Taxation

We have established a branch register of members in Hong Kong, or the Hong Kong share register. Dealings in our Class A ordinary shares registered on our Hong Kong share register will be subject to Hong Kong stamp duty. The stamp duty is charged to each of the seller and purchaser at the ad valorem rate of 0.10% of the consideration for, or (if greater) the value of, our Class A ordinary shares transferred. In other words, a total of 0.20% is payable on a typical sale and purchase transaction of our Class A ordinary shares. In addition, a fixed duty of HK$5.00 is charged on each instrument of transfer (if required).

To facilitate ADS-ordinary share conversion and trading between the NYSE and the Hong Kong Stock Exchange, we also have moved a portion of our issued Class A ordinary shares from our Cayman share register to our Hong Kong share register. It is unclear whether, as a matter of Hong Kong law, the trading or conversion of ADSs constitutes a sale or purchase of the underlying Hong Kong-registered ordinary shares that is subject to Hong Kong stamp duty. We advise investors to consult their own tax advisors on this matter. See "Item 3. Key Information—D. Risk Factors—Risks Relating to Our Class A Ordinary Shares and ADSs—There is uncertainty as to whether Hong Kong stamp duty will apply to the trading or conversion of our ADSs."

Certain United States Federal Income Tax Considerations

The following discussion describes certain United States federal income tax consequences of the purchase, ownership and disposition of our ADSs and Class A ordinary shares.

This discussion deals only with ADSs and Class A ordinary shares that are held as capital assets by a United States Holder (as defined below).

As used herein, the term "United States Holder" means a beneficial owner of our ADSs or Class A ordinary shares that is, for United States federal income tax purposes, any of the following:

- an individual who is a citizen or resident of the United States;
- a corporation (or other entity treated as a corporation for United States federal income tax purposes) created or organized in or under the laws of the United States, any state thereof or the District of Columbia;
- an estate the income of which is subject to United States federal income taxation regardless of its source; or
- a trust if it (1) is subject to the primary supervision of a court within the United States and one or more United States persons have the authority to control all substantial decisions of the trust or (2) has a valid election in effect under applicable United States Treasury regulations to be treated as a United States person.

This discussion is based upon provisions of the Internal Revenue Code of 1986, as amended, or the Code, and regulations, rulings and judicial decisions thereunder as of the date hereof, and the current income tax treaty between the United States and the PRC, or the Treaty. Those authorities may be changed, perhaps retroactively, so as to result in United States federal income tax consequences different from those summarized below. In addition, this discussion assumes that the Deposit Agreement, and all other related agreements, will be performed in accordance with their terms.

This discussion does not represent a detailed description of the United States federal income tax consequences applicable to you if you are subject to special treatment under the United States federal income tax laws, including if you are:

- a dealer or broker in securities or currencies;
- a financial institution;
- a regulated investment company;
- a real estate investment trust;
- an insurance company;
- a tax-exempt organization;
- a person holding our ADSs or Class A ordinary shares as part of a hedging, integrated or conversion transaction, a constructive sale or a straddle;
- a trader in securities that has elected the mark-to-market method of accounting for your securities;
- a person liable for alternative minimum tax;
- a person who owns or is deemed to own 10% or more of our stock by vote or value;
- a partnership or other pass-through entity for United States federal income tax purposes; or
- a person whose "functional currency" is not the U.S. dollar.

If an entity or other arrangement treated as a partnership for United States federal income tax purposes holds our ADSs or Class A ordinary shares, the tax treatment of a partner will generally depend upon the status of the partner and the activities of the partnership. If you are a partner of a partnership holding our ADSs or Class A ordinary shares, you should consult your tax advisors.

This discussion does not contain a detailed description of all the United States federal income tax consequences to you in light of your particular circumstances and does not address the Medicare tax on net investment income, United States federal estate and gift taxes or the effects of any state, local or non-United States tax laws. If you are considering the purchase of our ADSs or Class A ordinary shares, you should consult your tax advisors concerning the particular United States federal income tax consequences to you of the purchase, ownership and disposition of our ADSs or Class A ordinary shares, as well as the consequences to you arising under other United States federal tax laws and the laws of any other taxing jurisdiction.

ADSs

If you hold ADSs, for United States federal income tax purposes, you generally will be treated as the owner of the underlying Class A ordinary shares that are represented by such ADSs. Accordingly, deposits or withdrawals of Class A ordinary shares for ADSs will not be subject to United States federal income tax.

Taxation of Dividends

Subject to the discussion under "—Passive Foreign Investment Company" below, the gross amount of distributions on the ADSs or Class A ordinary shares (including any amounts withheld to reflect PRC withholding taxes, as discussed above under "Item 10. Additional Information—E. Taxation—People's Republic of China Taxation") will be taxable as dividends to the extent paid out of our current or accumulated earnings and profits, as determined under United States federal income tax principles. To the extent that the amount of any distribution exceeds our current and accumulated earnings and profits for a taxable year, the distribution will first be treated as a tax-free return of capital, causing a reduction in your tax basis in the ADSs or Class A ordinary shares, and to the extent the amount of the distribution exceeds your tax basis, the excess will be taxed as capital gain recognized on a sale or exchange. We do not, however, expect to determine earnings and profits in accordance with United States federal income tax principles. Therefore, you should expect that a distribution will generally be reported as a dividend. Any dividends that you receive (including any withheld taxes) will be includable in your gross income as ordinary income on the day actually or constructively received by you, in the case of Class A ordinary shares, or by the depositary, in the case of ADSs. Such dividends will not be eligible for the dividends received deduction generally allowed to corporations under the Code.

Subject to applicable limitations (including a minimum holding period requirement), dividends received by non-corporate United States Holders from a qualified foreign corporation may be treated as "qualified dividend income" that is subject to reduced rates of taxation. A foreign corporation is generally treated as a qualified foreign corporation with respect to dividends paid by that corporation on shares (or ADSs backed by such shares) that are readily tradable on an established securities market in the United States. United States Treasury Department guidance indicates that our ADSs (which are listed on the NYSE) are readily tradable on an established securities market in the United States. Since our Class A ordinary shares are not listed on an established securities market in the United States, it is unclear whether dividends that we pay on our Class A ordinary shares that are not represented by ADSs currently meet the conditions required for these reduced tax rates. There also can be no assurance that our ADSs will continue to be readily tradable on an established securities market in the United States in later years. A qualified foreign corporation also generally includes a foreign corporation that is eligible for the benefits of certain income tax treaties with the United States. In the event that we are deemed to be a PRC resident enterprise under the Enterprise Income Tax Law, we may be eligible for the benefits of the Treaty, and if we are eligible for such benefits, dividends we pay on our Class A ordinary shares, regardless of whether such shares are represented by ADSs, would be potentially eligible for reduced rates of taxation. See "Item 10. Additional Information—E. Taxation—People's Republic of China Taxation."

Notwithstanding the foregoing, we will not be treated as a qualified foreign corporation, and non-corporate United States Holders will not be eligible for reduced rates of taxation, for any dividends that we pay if we are a passive foreign investment company, or a PFIC, in the taxable year in which such dividends are paid or in the preceding taxable year (see "—Passive Foreign Investment Company" below). As discussed below under "—Passive Foreign Investment Company", it is possible that we will be a PFIC for the year ended December 31, 2025 or future years. Therefore, if you are a non-corporate United States Holder, you should not assume that any dividends will be taxed at a reduced rate. You should consult your tax advisors regarding the application of these rules given your particular circumstances.

Subject to certain conditions and limitations (including a minimum holding period requirement), any PRC withholding taxes on dividends may be treated as foreign taxes eligible for credit against your United States federal income tax liability. However, no foreign tax credit will be allowed in respect of Hong Kong stamp duty. For purposes of calculating the foreign tax credit, dividends paid on the ADSs or Class A ordinary shares will generally be treated as income from sources outside the United States and will generally constitute passive category income. However, if you are eligible for Treaty benefits, any PRC withholding taxes on dividends will not be creditable against your United States federal income tax liability to the extent withheld at a rate exceeding the applicable Treaty rate. Instead of claiming a foreign tax credit, you may be able to deduct PRC withholding taxes in computing your taxable income, subject to generally applicable limitations under United States law (including that a United States Holder is not eligible for a deduction for otherwise creditable foreign income taxes paid or accrued in a taxable year if such United States Holder claims a foreign tax credit for any foreign income taxes paid or accrued in the same taxable year). The rules governing foreign tax credits and deductions for foreign taxes are complex. You are urged to consult your tax advisors regarding the availability of the foreign tax credit or a deduction under your particular circumstances.

Distributions of ADSs, Class A ordinary shares or rights to subscribe for ADSs or Class A ordinary shares that are received as part of a pro rata distribution to all of our shareholders generally will not be subject to United States federal income tax.

Passive Foreign Investment Company

Based on the composition of our income and assets and the value of our assets, including goodwill (which we have determined based on the trading price of our ADSs and Class A ordinary shares), we do not believe we were a PFIC for the year ended December 31, 2024, although there can be no assurance in this regard.

In general, we will be a PFIC for any taxable year in which:

- at least 75% of our gross income is passive income, or
- at least 50% of the value (generally determined based on a quarterly average) of our assets is attributable to assets that produce or are held for the production of passive income.

For this purpose, passive income generally includes dividends, interest, gains from the sale or exchange of investment property, royalties and rents (other than royalties and rents derived in the active conduct of a trade or business and not derived from a related person). Cash is generally treated as an asset that produces or is held for the production of passive income. If we own at least 25% (by value) of the stock of another corporation, for purposes of determining whether we are a PFIC, we will be treated as owning our proportionate share of the other corporation's assets and receiving our proportionate share of the other corporation's income. However, there is uncertainty as to the treatment of our corporate structure and ownership of the Group VIEs for United States federal income tax purposes. For United States federal income tax purposes, we consider ourselves to own the equity of the Group VIEs. If it is determined, contrary to our view, that we do not own the equity of the Group VIEs for United States federal income tax purposes (for instance, because the relevant PRC authorities do not respect these arrangements), we are more likely to be treated as a PFIC.

The determination of whether we are a PFIC is made annually. Accordingly, we may become a PFIC in the current or any future taxable year due to changes in our income or asset composition or changes in the value of our assets. In this regard, the value of our assets may be determined by reference to the trading price of our ADSs and Class A ordinary shares, and fluctuations in the trading price of our ADSs and Class A ordinary shares may affect our PFIC status. If we are a PFIC for any taxable year during which you hold our ADSs or Class A ordinary shares, you will be subject to special tax rules discussed below.

If we are a PFIC for any taxable year during which you hold our ADSs or Class A ordinary shares and you do not make a timely mark-to-market election, as described below, you will be subject to special tax rules with respect to any "excess distribution" received and any gain realized from a sale or other disposition, including a pledge and a deemed sale discussed in the following paragraph, of ADSs or Class A ordinary shares. Distributions received in a taxable year, other than the taxable year in which your holding period in the ADSs or Class A ordinary shares begins, will be treated as excess distributions to the extent that they are greater than 125% of the average annual distributions received during the shorter of the three preceding taxable years or the portion of your holding period for the ADSs or Class A ordinary shares that preceded the taxable year of the distribution. Under these special tax rules:

- the excess distribution or gain will be allocated ratably over your holding period for the ADSs or Class A ordinary shares,

- the amount allocated to the current taxable year, and any taxable year prior to the first taxable year in which we were a PFIC, will be treated as ordinary income, and
- the amount allocated to each other year will be subject to tax at the highest tax rate in effect for individuals or corporations, as applicable, for that year and the interest charge generally applicable to underpayments of tax will be imposed on the resulting tax attributable to each such year.

Although the determination of whether we are a PFIC is made annually, if we are a PFIC for any taxable year in which you hold our ADSs or Class A ordinary shares, you will generally be subject to the special tax rules described above for that year and for each subsequent year in which you hold the ADSs or Class A ordinary shares (even if we do not qualify as a PFIC in such subsequent years). However, if we cease to be a PFIC, you can avoid the continuing impact of the PFIC rules by making a special election to recognize gain as if your ADSs or Class A ordinary shares had been sold on the last day of the last taxable year during which we were a PFIC. You are urged to consult your tax advisor about this election.

In lieu of being subject to the special tax rules discussed above, you may make a mark-to-market election with respect to your ADSs or Class A ordinary shares provided such ADSs or Class A ordinary shares are treated as "marketable stock." The ADSs or Class A ordinary shares generally will be treated as marketable stock if the ADSs or Class A ordinary shares are regularly traded on a "qualified exchange or other market" (within the meaning of the applicable Treasury regulations). The ADSs are listed on the NYSE, which constitutes a qualified exchange, although there can be no assurance that the ADSs will be "regularly traded" for purposes of the mark-to-market election. The Class A ordinary shares are listed on the Hong Kong Stock Exchange, which must meet certain trading, listing, financial disclosure and other requirements to be treated as a qualified exchange for these purposes. There also can be no assurance that the Class A ordinary shares will be "regularly traded" for purposes of the mark-to-market election.

If you make an effective mark-to-market election, for each taxable year that we are a PFIC you will include as ordinary income the excess of the fair market value of your ADSs or Class A ordinary shares at the end of the year over your adjusted tax basis in the ADSs or Class A ordinary shares. You will be entitled to deduct as an ordinary loss in each such year the excess of your adjusted tax basis in the ADSs or Class A ordinary shares over their fair market value at the end of the year, but only to the extent of the net amount previously included in income as a result of the mark-to-market election. Your adjusted tax basis in the ADSs or Class A ordinary shares will be increased by the amount of any income inclusion and decreased by the amount of any deductions under the mark-to-market rules. In addition, upon the sale or other disposition of your ADSs or Class A ordinary shares in a year that we are a PFIC, any loss will be treated as ordinary loss, but only to the extent of the net amount of previously included income as a result of the mark-to-market election, and any gain will be treated as ordinary income. If you make a mark-to-market election, any distributions that we make would generally be subject to the tax rules discussed above under "—Taxation of Dividends," except that the lower rate applicable to dividends received by non-corporate United States Holders from a qualified foreign corporation (discussed above) would not apply if we are a PFIC in the taxable year in which the dividend is paid or in the preceding taxable year.

If you make a mark-to-market election, it will be effective for the taxable year for which the election is made and all subsequent taxable years unless the ADSs or Class A ordinary shares are no longer regularly traded on a qualified exchange or other market, or the Internal Revenue Service, or the IRS, consents to the revocation of the election. You are urged to consult your tax advisor about the availability of the mark-to-market election, and whether making the election would be advisable in your particular circumstances.

Alternatively, U.S. taxpayers can sometimes avoid the special tax rules described above by electing to treat a PFIC as a "qualified electing fund" under Section 1295 of the Code. However, this option is not available to you because we do not intend to prepare or provide you with the tax information necessary to permit you to make this election.

If we are a PFIC for any taxable year during which you hold our ADSs or Class A ordinary shares and any of our non-United States subsidiaries is also a PFIC, you will be treated as owning a proportionate amount (by value) of the shares of the lower-tier PFIC for purposes of the application of the PFIC rules. You will not be able to make the mark-to-market election described above in respect of any lower-tier PFIC. You are urged to consult your tax advisors about the application of the PFIC rules to any of our subsidiaries.

You will generally be required to file IRS Form 8621 if you hold our ADSs or Class A ordinary shares in any year in which we are a PFIC. You are urged to consult your tax advisors concerning the United States federal income tax consequences of holding ADSs or Class A ordinary shares if we are a PFIC in any taxable year.

Sale, Exchange or Other Disposition of ADSs or Class A Ordinary Shares

You will recognize taxable gain or loss on any sale, exchange or other disposition of the ADSs or Class A ordinary shares in an amount equal to the difference between the amount realized for the ADSs or Class A ordinary shares (net of any Hong Kong stamp duty imposed on such proceeds) and your tax basis in the ADSs or Class A ordinary shares (which should similarly take into account any Hong Kong stamp duty paid in connection with the acquisition of the ADSs or Class A ordinary shares), both determined in U.S. dollars. Subject to the discussion under "—Passive Foreign Investment Company" above, such gain or loss will generally be capital gain or loss and will generally be long-term capital gain or loss if you have held the ADSs or Class A ordinary shares for more than one year. Long-term capital gains of non-corporate United States Holders (including individuals) are eligible for reduced rates of taxation. The deductibility of capital losses is subject to limitations. Any gain or loss recognized by you will generally be treated as United States source gain or loss. However, if PRC tax is imposed on any gain (for instance, because we are treated as a PRC resident enterprise for PRC tax purposes or the PRC treats the sale, exchange or other disposition as an indirect transfer of PRC taxable assets), and if you are eligible for the benefits of the Treaty, you may elect to treat such gain as PRC source gain under the Treaty, in which case the gain and the associated tax would be placed in a separate basket for foreign tax credit limitation purposes. If you do not make the election to treat any gain as PRC source, then you generally would not be able to use any foreign tax credit arising from PRC tax imposed on the disposition of ADSs or Class A ordinary shares unless such credit can be applied (subject to applicable limitations) against tax due on other income derived from foreign sources. If you are not eligible for the benefits of the Treaty, then it is possible that you may not be able to claim a credit for any PRC taxes that are imposed upon a disposition of ADSs or Class A ordinary shares, and you should consult your tax advisor regarding the tax consequences to you if you are subject to such taxes. You are urged to consult your tax advisors regarding the tax consequences in case any PRC tax is imposed on gain on a disposition of the ADSs or Class A ordinary shares, including the availability of the foreign tax credit and the election to treat any gain as PRC source, under your particular circumstances.

F. Dividends and Paying Agents

Not Applicable.

G. Statement by Experts

Not Applicable.

H. Documents on Display

We have filed this annual report on Form 20-F, including exhibits, with the SEC. As allowed by the SEC, in Item 19 of this annual report, we incorporate by reference certain information we filed with the SEC. This means that we can disclose important information to you by referring you to another document filed separately with the SEC. The information incorporated by reference is considered to be part of this annual report.

You may read and copy this annual report, including the exhibits incorporated by reference in this annual report, at the SEC's Public Reference Room at 100 F Street, N.E., Washington, D.C. 20549 and at the SEC's regional offices in New York, New York and Chicago, Illinois. You also can request copies of this annual report, including the exhibits incorporated by reference in this annual report, upon payment of a duplicating fee, by writing information on the operation of the SEC's Public Reference Room.

The SEC also maintains a website at www.sec.gov that contains reports, proxy statements and other information regarding registrants that file electronically with the SEC. Our annual report and some of the other information submitted by us to the SEC may be accessed through this web site.

As a foreign private issuer, we are exempt from the rules under the Exchange Act prescribing the furnishing and content of quarterly reports and proxy statements, and officers, directors and principal shareholders are exempt from the reporting and short-swing profit recovery provisions contained in Section 16 of the Exchange Act.

Our financial statements have been prepared in accordance with U.S. GAAP.

We will furnish our shareholders with annual reports, which will include a review of operations and annual audited consolidated financial statements prepared in conformity with U.S. GAAP.

I. Subsidiary Information

Not applicable.

J. Annual Report to Security Holders

We intend to submit the annual report provided to security holders in electronic format pursuant to the Hong Kong Listing Rules as an exhibit to a current report on Form 6-K.

ITEM 11. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Foreign Exchange Risk

The Company uses Renminbi ("RMB") as its reporting currency. Most of our revenues and expenses are denominated in Renminbi. The functional currency of our company and subsidiaries in the United States and Hong Kong is the U.S. dollar. The functional currency of our subsidiaries in the PRC, the VIE and the VIE's subsidiaries is the Renminbi. Monetary assets and liabilities denominated in currencies other than the functional currency are translated into the functional currency at the rates of exchange ruling at the balance sheet date. Transactions in currencies other than the functional currency during the year are converted into functional currency at the applicable rates of exchange prevailing when the foreign currency transactions occurred. Transaction gains and losses are recognized in the consolidated statements of comprehensive loss.

We do not believe that we currently have any significant direct foreign exchange risk and have not used any derivative financial instruments to hedge exposure to such risk. Although in general our exposure to foreign exchange risks should be limited, the value of your investment in our ADSs will be affected by the exchange rate between U.S. dollar and RMB because the value of our business is effectively denominated in Renminbi, while our ADSs will be traded in U.S. dollars. On the other hand, we are subject to restrictions on currency exchange. Under PRC foreign exchange regulations, approval from or registration with appropriate government authorities is required where RMB is to be converted into foreign currency and remitted out of China to pay capital account items, such as direct investments, repayment of foreign currency-denominated loans, repatriation of investments and investments in securities outside of China. See "Item 3. D. Risk Factors—We are subject to restrictions on currency exchange" and "Item 4. Information on the Company—B. Business Overview—Regulation—Regulation Related to Foreign Exchange and Dividend Distribution—Regulation on Foreign Currency Exchange" for further details.

The conversion of Renminbi into foreign currencies, including U.S. dollars, is based on rates set by the PBOC. The PRC government allowed the Renminbi to appreciate by more than 20% against the U.S. dollar between July 2005 and July 2008. Between July 2008 and June 2010, the exchange rate between the Renminbi and the U.S. dollar had been stable and traded within a narrow band. Since June 2010, the Renminbi has fluctuated against the U.S. dollar, at times significantly and unpredictably. On November 30, 2015, the Executive Board of the International Monetary Fund (IMF) completed the regular five-year review of the basket of currencies that make up the Special Drawing Right, or the SDR, and decided that with effect from October 1, 2016, Renminbi is determined to be a freely usable currency and will be included in the SDR basket as a fifth currency, along with the U.S. dollar, the Euro, the Japanese yen and the British pound. In the fourth quarter of 2016, the Renminbi has depreciated significantly in the backdrop of a surging U.S. dollar and persistent capital outflows of China. This depreciation halted in 2017, and the Renminbi appreciated approximately 7% against the U.S. dollar during this one-year period. Starting from the beginning of 2019, the Renminbi has depreciated significantly against the U.S. dollar again. In early August 2019, the PBOC set the Renminbi's daily reference rate at RMB7.0039 to US$1.00, the first time that the exchange rate of Renminbi to U.S. dollar exceeded 7.0 since 2008. With the development of the foreign exchange market and progress towards interest rate liberalization and Renminbi internationalization, the PRC government may in the future announce further changes to the exchange rate system, and we cannot assure you that the Renminbi will not appreciate or depreciate significantly in value against the U.S. dollar in the future. It is difficult to predict how market forces or PRC or U.S. government policy may impact the exchange rate between the Renminbi and the U.S. dollar in the future.

To the extent that we need to convert U.S. dollars into Renminbi for our operations, appreciation of the Renminbi against the U.S. dollar would have an adverse effect on the Renminbi amount we receive from the conversion. Conversely, if we decide to convert Renminbi into U.S. dollars for the purpose of making payments for dividends on our Class A ordinary shares or ADSs or for other business purposes, appreciation of the U.S. dollar against the Renminbi would have a negative effect on the U.S. dollar amounts available to us.

Interest Rate Risk

We have not been exposed to material risks due to changes in market interest rates, and we have not used any derivative financial instruments to manage our interest risk exposure. However, we cannot provide assurance that we will not be exposed to material risks due to changes in market interest rate in the future. We may invest the net proceeds we received from the initial public offering in the U.S. and our follow-on public offering in interest-earning instruments. Investments in both fixed rate and floating rate interest earning instruments carry a degree of interest rate risk. Fixed rate securities may have their fair market value adversely impacted due to a rise in interest rates, while floating rate securities may produce less income than expected if interest rates fall.

Inflation

Since inception, inflation in China has not materially affected our results of operations. According to the National Bureau of Statistics of China, the year-over-year percent changes in the consumer price index for December 2022, 2023 and 2024 were increases of 1.8%, 0.2% and 0.2%, respectively. Although we have not been materially affected by inflation in the past, we may be affected if China experiences higher rates of inflation in the future.

ITEM 12. DESCRIPTION OF SECURITIES OTHER THAN EQUITY SECURITIES

A. Debt Securities

Not Applicable.

B. Warrants and Rights

Not Applicable.

C. Other Securities

Not Applicable.

D. American Depositary Shares

Depositary Fees and Charges

Under the terms of the Deposit Agreement for our ADSs, an ADS holder will be required to pay the following service fees to the depositary and certain taxes and governmental charges (in addition to any applicable fees, expenses, taxes and other governmental charges payable on the deposited securities represented by any of ADSs):

Service	Fees
• Issuance of ADSs (e.g., an issuance of ADS upon a deposit of Class A ordinary shares, upon a change in the ADS(s)-to-Shares ratio, or for any other reason), excluding ADS issuances as a result of distributions of Class A ordinary shares	Up to U.S. 5¢ per ADS issued
• Cancellation of ADSs (e.g., a cancellation of ADSs for delivery of deposited shares, upon a change in the ADS(s)-to-Shares ratio, or for any other reason)	Up to U.S. 5¢ per ADS cancelled
• Distribution of cash dividends or other cash distributions (e.g., upon a sale of rights and other entitlements)	Up to U.S. 5¢ per ADS held
• Distribution of ADSs pursuant to (i) stock dividends or other free stock distributions, or (ii) exercise of rights to purchase additional ADSs	Up to U.S. 5¢ per ADS held
• Distribution of securities other than ADSs or rights to purchase additional ADSs (e.g., upon a spin-off)	Up to U.S. 5¢ per ADS held
• ADS Services	Up to U.S. 5¢ per ADS held on the applicable record date(s) established by the depositary
• Registration of ADS transfers (e.g., upon a registration of the transfer of registered ownership of ADSs, upon a transfer of ADSs into DTC and *vice versa*, or for any other reason)	Up to U.S. 5¢ per ADS (or fraction thereof) transferred
• Conversion of ADSs of one series for ADSs of another series (e.g., upon conversion of Partial Entitlement ADSs for Full Entitlement ADSs, or upon conversion of Restricted ADSs (each as defined in the Deposit Agreement) into freely transferable ADSs, and *vice versa*)	Up to U.S. 5¢ per ADS (or fraction thereof) converted

As an ADS holder you will also be responsible to pay certain charges such as:

- taxes (including applicable interest and penalties) and other governmental charges;
- the registration fees as may from time to time be in effect for the registration of Class A ordinary shares on the share register and applicable to transfers of Class A ordinary shares or other deposited securities to or from the name of the custodian, the depositary or any nominees upon the making of deposits and withdrawals, respectively;
- certain cable, telex and facsimile transmission and delivery expenses as are expressly provided in the Deposit Agreement to be at the expense of the person depositing the Class A ordinary shares or withdrawing deposited property or of the holders and beneficial owners of ADSs;
- the fees and charges incurred by the depositary in the conversion of foreign currency;
- fees and expenses as are incurred by the depositary in connection with compliance with exchange control regulations and other regulatory requirements applicable to deposited property, ADSs and ADRs; and

- the fees, charges, costs and expenses incurred by the depositary, the custodian, or any nominee in connection with the ADR program.

All ADS fees and charges may, at any time and from time to time, be changed by agreement between the depositary and the Company but, in the case of ADS fees and charges payable by holders and beneficial owners of ADSs, only in the manner contemplated in the Deposit Agreement. The depositary shall provide, without charge, a copy of its latest ADS fee schedule to anyone upon request.

ADS fees and charges for (i) the issuance of ADSs, and (ii) the cancellation of ADSs will be payable by the person for whom the ADSs are issued by the depositary (in the case of ADS issuances) and by the person for whom ADSs are cancelled (in the case of ADS cancellations). In the case of ADSs issued by the depositary into DTC or presented to the depositary via DTC, the ADS issuance and cancellation fees and charges will be payable by the DTC participant(s) receiving the ADSs being issued or the DTC participant(s) holding the ADSs being cancelled, as the case may be, on behalf of the beneficial owner(s) and will be charged by the DTC participant(s) to the account(s) of the applicable beneficial owner(s) in accordance with the procedures and practices of the DTC participant(s) as in effect at the time. ADS fees and charges in respect of distributions and the ADS service fee are charged to the holders as of the applicable ADS record date. In the case of distributions of cash, the amount of the applicable ADS fees and charges is deducted from the funds being distributed. In the case of (i) distributions other than cash and (ii) the ADS service fee, holders as of the ADS record date will be invoiced for the amount of the ADS fees and charges and such ADS fees and charges may be deducted from distributions made to holders of ADSs. For ADSs held through DTC, the ADS fees and charges for distributions other than cash and the ADS service fee may be deducted from distributions made through DTC, and may be charged to the DTC participant(s) in accordance with the procedures and practices prescribed by DTC from time to time and the DTC participant(s) in turn charge the amount of such ADS fees and charges to the beneficial owners for whom they hold ADSs. In the case of (i) registration of ADS transfers, the ADS transfer fee will be payable by the ADS holder whose ADSs are being transferred or by the person to whom the ADSs are transferred, and (ii) conversion of ADSs of one series for ADSs of another series, the ADS conversion fee will be payable by the holder whose ADSs are converted or by the person to whom the converted ADSs are delivered.

The depositary may reimburse the Company for certain expenses incurred by the Company in respect of the ADR program established pursuant to the Deposit Agreement, by making available a portion of the ADS fees charged in respect of the ADR program or otherwise, upon such terms and conditions as the Company and the depositary agree from time to time. The Company shall pay to depositary such fees and charges, and reimburse the depositary for such out-of-pocket expenses, as the depositary and the Company may agree from time to time. Responsibility for payment of such fees, charges and reimbursements may from time to time be changed by agreement between the Company and the depositary. Unless otherwise agreed, the depositary shall present its statement for such fees, charges and reimbursements to the Company once every three months. The charges and expenses of the custodian are for the sole account of the depositary.

The obligations of holders and beneficial owners to pay ADS fees and charges shall survive the termination of the Deposit Agreement. As to any depositary, upon the resignation or removal of such depositary as described in Section 5.4 of the Deposit Agreement, the right to collect ADS fees and charges shall extend for those ADS fees and charges incurred prior to the effectiveness of such resignation or removal.

Payments by Depositary

For the year ended December 31, 2024, we are entitled to receive payment of US$12.3 million from Citibank, N.A., the depositary bank for our ADR program.

PART II.

ITEM 13. DEFAULTS, DIVIDEND ARREARAGES AND DELINQUENCIES

None.

ITEM 14. MATERIAL MODIFICATIONS TO THE RIGHTS OF SECURITY HOLDERS AND USE OF PROCEEDS

See “Item 10. Additional Information” for a description of the rights of securities holders.

In August 2020, we completed our initial public offering in the U.S. in which we offered and sold an aggregate 114,693,333 ADSs, representing 229,386,666 Class A ordinary shares, raising a total of US$1,655.7 million in net proceeds to us after underwriting discounts commissions and expenses. The effective date of our registration statement on Form F-1, as amended (File No. 333- 242283) was August 26, 2020.

In December 2020, we completed our follow-on public offering in the U.S. in which we offered and sold an aggregate 55,200,000 ADSs, representing 110,400,000 Class A ordinary shares, raising a total of US$2,444.9 million in net proceeds to us after underwriting discounts, commissions and expenses. The effective date of our registration statement on Form F-1, as amended (File No. 333-251164) was December 8, 2020.

In July 2021, we completed our listing on the Hong Kong Stock Exchange and public offering of 97,083,300 Class A ordinary shares, raising a total of approximately HK$15,823.3 million (or US$2,039.0 million based on an exchange rate of HK$7.7604 to US$1.00 as of June 11, 2021) in net proceeds to us after deducting underwriting fees and the offering expenses.

For the period from August 27, 2020 to December 31, 2024, we had fully utilized the net proceeds received from our initial public offering in the U.S. in August 2020 and our follow-on public offering in December 2020 for (i) research and development of our Smart EVs and technologies, (ii) expansion of sales channels, supercharging network and international markets, (iii) marketing and promotional expenses, (iv) general corporate purposes and (v) strategic investments in core technologies of Smart EV. As of December 31, 2024, we had used HK$6,076.8 million of the net proceeds received from our listing on the Hong Kong Stock Exchange and public offering in July 2021.

ITEM 15. CONTROLS AND PROCEDURES

Disclosure Controls and Procedures

As of the end of the period covered by this annual report, an evaluation has been carried out under the supervision and with the participation of our management, including our principal executive officer and principal accounting officer, of the effectiveness of the design and operation of our disclosure controls and procedures, as such term is defined under Rules 13a-15e and 15d-15(e) promulgated under the Exchange Act.

Based on that evaluation, our management has concluded that our disclosure controls and procedures as of December 31, 2024, were effective in ensuring that information required to be disclosed in the reports that we file or submit under the Exchange Act is recorded, processed, summarized and reported, within the time periods specified in the SEC's rules and forms, and that information required to be disclosed in the reports that we file or submit under the Exchange Act is accumulated and communicated to our management to allow timely decisions regarding required disclosure.

Management's Annual Report on Internal Control over Financial Reporting.

Our management is responsible for establishing and maintaining adequate internal control over financial reporting as defined in Rules 13a-15(f) and 15d-15(f) under the U.S. Exchange Act. As required by Rule 13a-15(c) of the U.S. Exchange Act, our management conducted an evaluation of our company's internal control over financial reporting as of December 31, 2024 based on the framework in Internal Control—Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission. Based on this evaluation, our management concluded that our internal control over financial reporting was effective as of December 31, 2024.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness of our internal control over financial reporting to future periods are subject to the risks that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Changes in Internal Control over Financial Reporting

There were no changes in our internal controls over financial reporting that occurred during the period covered by this annual report on Form 20-F that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

Attestation Report of the Independent Registered Public Accounting Firm

Our independent registered public accounting firm, PricewaterhouseCoopers Zhong Tian LLP, has audited the effectiveness of our internal control over financial reporting as of December 31, 2024, as stated in its report, which appears on page F-2 of this annual report.

ITEM 16. [Reserved]

ITEM 16A. AUDIT COMMITTEE FINANCIAL EXPERT

Our Board of Directors has determined Mr. Donghao Yang, who is an independent director, qualifies as an audit committee financial expert as defined in Item 16A of the instruction to Form 20-F.

ITEM 16B. CODE OF ETHICS

Our board of directors has adopted a code of ethics that applies to our directors, officers and employees. We have filed our code of business conduct and ethics as an exhibit to our registration statement on Form F-1 (File No. 333- 242283), as amended, initially filed with the SEC on August 7, 2020. No changes have been made to the code of business conduct and ethics since its adoption and no waivers have been granted therefrom to our directors, officers or employees. We hereby undertake to provide to any person without charge, a copy of our code of business conduct and ethics within ten working days after we receive such person's written request.

ITEM 16C. PRINCIPAL ACCOUNTANT FEES AND SERVICES

The following table sets forth the aggregate fees by categories specified below in connection with certain professional services rendered by PricewaterhouseCoopers Zhong Tian LLP and its affiliates, our principal independent public accountant for the periods indicated. We did not pay any other fees to our principal accountant during the periods indicated below.

	For the Year Ended December 31,	
	2023	2024
	(In thousands of RMB)	
Audit Fees(1)	16,020	13,047
All Other Fees(2)	400	—
Total	16,420	13,047

(1) Audit fees include the aggregate fees billed in each of the fiscal period listed for professional services rendered by our principal independent public accountant for the audit of our annual consolidated financial statements and internal control over financial reporting, review of our quarterly and interim condensed consolidated financial statements.

(2) All Other Fees include the aggregate fees billed in each of the fiscal period listed for professional services rendered by our principal accountant for other advisory services.

The policy of our audit committee is to pre-approve all auditing and non-audit services provided by our principal independent public accountant, including audit services, audit-related services and other services as described above.

ITEM 16D. EXEMPTIONS FROM THE LISTING STANDARDS FOR AUDIT COMMITTEES

None.

ITEM 16E. PURCHASES OF EQUITY SECURITIES BY THE ISSUER AND AFFILIATED PURCHASERS

As of the date of this annual report, we have not adopted any share repurchase program. The annual general meeting held on June 28, 2024 approved a general mandate to our board of directors to repurchase shares and/or ADSs of the Company not exceeding 10% of the total number of issued shares of the Company as at the date of such approval, for a period until the earliest of (i) the conclusion of the next annual general meeting, (ii) the end of the period within which the next annual general meeting is required to be held, and (iii) when such authority is revoked or varied by an ordinary resolution of our shareholders in general meeting.

In September 2022, Mr. Xiaopeng He, our co-founder, chairman and chief executive officer, through Simplicity Holding Limited, an entity wholly-owned by Mr. He, purchased a total of 2,200,000 ADSs in the open market in compliance with applicable laws and regulations. The average price paid per ADS was US$13.58. Furthermore, in August 2024, Mr. He purchased in the open market a total of 1,000,000 Class A ordinary shares at an average price of HK$27.13 per Class A ordinary share, and a total of 1,419,922 ADSs at an average price of US$7.02 per ADS through Galaxy Dynasty Limited, an entity wholly-owned by Mr. He.

ITEM 16F. CHANGE IN REGISTRANT'S CERTIFYING ACCOUNTANT

Not Applicable.

ITEM 16G. CORPORATE GOVERNANCE

We are a "foreign private issuer" (as such term is defined in Rule 3b-4 under the Exchange Act), and our ADSs, each representing two Class A ordinary shares, are listed on the New York Stock Exchange. Our Class A ordinary shares are listed on the Hong Kong Stock Exchange. Under Section 303A of the New York Stock Exchange Listed Company Manual, New York Stock Exchange listed companies that are foreign private issuers are permitted to follow home country practice in lieu of the corporate governance provisions specified by the New York Stock Exchange with limited exceptions. The following summarizes some significant ways in which our corporate governance practices differ from those followed by domestic companies under the listing standards of the New York Stock Exchange.

Under the New York Stock Exchange Listed Company Manual, or the NYSE Manual, U.S. domestic listed companies are required to have a majority of the board consisting of independent directors and have an audit committee, a compensation committee and a nominating/corporate governance committee, each composed entirely of independent directors, which are not required under the Companies Act (Revised) of the Cayman Islands, our home country. Currently, our board of directors is composed of five members, only three of whom satisfy the requirements for an "independent director" under Section 303A of the NYSE Manual. Under the Hong Kong Listing Rules, at least one-third of our directors shall be independent non-executive directors, and we are required to establish an audit committee, a compensation committee and a nomination committee, but only a majority of each committee's members are required to be independent non-executive directors. Our audit committee is composed of three members, only two of whom satisfy the requirements for an "independent director" under Section 303A of the NYSE Manual, while each of them meets the criteria for independence set forth in Rule 10A-3 of the Exchange Act. Our compensation committee is composed of three members, only two of whom satisfy the requirements for an "independent director" under Section 303A of the NYSE Manual. Our nomination committee is composed of three members, only two of whom satisfy the requirements for an "independent director" under Section 303A of the NYSE Manual. In addition, the NYSE Manual requires shareholder approval for issuance of securities in certain situations, which is not required under the Cayman Islands law. We intend to follow the home country practice and the applicable laws and regulations in Hong Kong (including the Hong Kong Listing Rules) in determining whether shareholder approval is required.

ITEM 16H. MINE SAFETY DISCLOSURE

Not Applicable.

ITEM 16I. DISCLOSURE REGARDING FOREIGN JURISDICTIONS THAT PREVENT INSPECTIONS

Not Applicable.

ITEM 16J. INSIDER TRADING POLICIES

We have adopted The Statement of Policies Governing Material, Non-Public Information and the Prevention of Insider Trading (the "Insider Trading Policy") since August 20, 2020, which was amended and restated on June 19, 2021. The Insider Trading Policy governs the purchase, sale, and other dispositions of the Company's securities by directors, senior management, and employees and is reasonably designed to promote compliance with applicable insider trading laws, rules and regulations, and any listing standards applicable to the Company. A copy of the Company's Insider Trading Policy is filed as Exhibit 11.2 hereto.

ITEM 16K. CYBERSECURITY

Risk management and strategy

We attach great importance to information security and customer privacy protection and have a systematic process for overseeing and managing cybersecurity and related risks, which is integrated into our overall risk management systems and processes. Our cybersecurity program sets out the policies and processes to identify, assess, manage, mitigate and report cybersecurity risks in accordance with industry standards and applicable laws and regulations. The Company has obtained the ISO 27001 Information Security Management System Certificate and ISO 27701 Privacy Information Management System Certificate. Our cybersecurity program is led by a dedicated cybersecurity team principally responsible for managing our cybersecurity risk assessment processes, our security controls, and our response to cybersecurity incidents.

We have established an emergency response center which serves as a central location for the reporting of cybersecurity matters, monitors broader cybersecurity environment, and gathers information on cybersecurity risks from both internal and external sources. We provide monetary rewards for valid identifications of cybersecurity risks. We also maintain a mechanism to monitor updates from applicable regulatory bodies to receive timely alerts on external cybersecurity incidents that may impact us, so that we may promptly assess and respond as needed. We also conduct regular, mandatory privacy protection trainings covering all our employees and maintain a reporting mechanism.

We periodically carry out table-top drills and simulations on cybersecurity incident response and security protection to assess and improve our ability to adapt to security-related threats. In particular, we conduct third-party vulnerability analysis including simulated hacker attacks in connection with our system upgrades. We also engage third-party service providers to conduct security assessments with respect to our ISO certificates and our vehicles network safety.

We also maintain processes to assess cybersecurity risks of our third-party providers, with a goal to strengthen our supply chain resilience to cybersecurity risks. We conduct third-party risk assessment to identify and mitigate risks from third parties such as vendors, suppliers, subcontractors and other third-party providers. We consider cybersecurity risks when determining the selection and oversight of applicable third-party providers.

We have formulated emergency and incident response plans, clarifying the process for handling information security incidents. In the event of a cybersecurity incident, our cybersecurity team would assess, report and react in accordance with our emergency and incident response plans, under the oversight of our Information Security and Data Compliance Committee.

We have not identified risks from known cybersecurity threats, including as a result of any prior cybersecurity incidents, which have materially affected us, including our operations, business strategy, results of operations, or financial condition. We face risks from cybersecurity threats that, if realized, are reasonably likely to materially affect us, including our operations, business strategy, results of operations, or financial condition. See "Item 3. Key Information—D. Risk Factors—Actual or alleged failure to comply with laws, regulations, rules, policies and other obligations regarding privacy, data protection, cybersecurity and information security could subject us to significant reputational, financial, legal and operational consequences" and "—Any cyber-attacks, unauthorized access or control of our Smart EVs' systems could result in loss of confidence in us and our Smart EVs and harm our business."

Cybersecurity Governance

Our Information Security and Data Compliance Committee (the "Committee") is primarily responsible for the oversight, decision-making and resources allocation of our cybersecurity efforts. The Committee is chaired by the Honorary Vice Chairman of the Board, and consists of vice presidents of our various business lines. The Committee oversees an Information Security Working Group and a Data Compliance Working Group. Our Information Security Working Group is primarily responsible for designing and maintaining our cybersecurity program and is led by the Head of our Data Intelligence Center. The Committee and the Information Security Working Group include members with relevant knowledge, skills and experience in assessing and managing cybersecurity risks. The Information Security Working Group reports quarterly to the Committee on the specific implementation of our cybersecurity program and any updates on any cybersecurity risks or incidents. In addition to the Honorary Vice Chairman of the Board who chairs the Information Security and Data Compliance Committee, the Audit Committee under our board of directors oversees cybersecurity risks management as part of its overall risk oversight function and discusses cybersecurity risks management at the Audit Committee meetings held every quarter. The Committee reports to our Audit Committee under our board of directors with respect to significant cybersecurity threats.

PART III.

ITEM 17. FINANCIAL STATEMENTS

We have elected to provide financial statements pursuant to Item 18.

ITEM 18. FINANCIAL STATEMENTS

The consolidated financial statements of XPeng Inc. are included at the end of this annual report.

ITEM 19. EXHIBITS

Exhibit Number	Description of Document
1.1	Ninth Amended and Restated Memorandum and Articles of Association of the Registrant (incorporated herein by reference to Exhibit 3.1 to the current report on Form 6-K (File No. 001-39466), previously furnished with the Securities and Exchange Commission on June 21, 2023)
2.1	Form of American Depositary Receipt evidencing American Depositary Shares (included in Exhibit 2.3)
2.2	Form of Class A Ordinary Share Certificate (incorporated herein by reference to Exhibit 4.1 to the registration statement on Form F-1 (File No. 333-257308), as amended, initially filed with the Securities and Exchange Commission on June 23, 2021)
2.3	Form of Deposit Agreement among the Registrant, Citibank, N.A., as depositary, and the holders and beneficial owners of ADSs issued thereunder (incorporated herein by reference to Exhibit (a) to the Registration Statement on Form F-6 (Registration No. 333-248098), initially filed with the Securities and Exchange Commission on August 21, 2020)
2.4	Description of Securities Registered Pursuant to Section 12 of the Securities Exchange Act of 1934 (incorporated herein by reference to Exhibit 2.4 to the annual report on Form 20-F for the fiscal year ended December 31, 2023 (File No. 001-39466), as amended, initially filed with the Securities and Exchange Commission on April 17, 2024)

Exhibit Number	Description of Document
2.5	Dual Listing Letter Agreement, dated as of June 30, 2021, by and between the Company and the Citibank, N.A. (incorporated herein by reference to Exhibit (c)(i) to the Registration Statement on Form F-6 (Registration No. 333-272112), initially filed with the Securities and Exchange Commission on May 22, 2023)
2.6	Letter Agreement (Bulk Issuance), dated as of February 24, 2021, by and between the Company and XPeng Fortune Holdings Limited (incorporated herein by reference to Exhibit (c) to the Registration Statement on Form F-6 (Registration No. 333-256151), initially filed with the Securities and Exchange Commission on May 14, 2021)
4.1	Form of Indemnification Agreement between the Registrant and its directors and executive officers (incorporated herein by reference to Exhibit 10.1 to the registration statement on Form F-1 (File No. 333-242283), as amended, initially filed with the Securities and Exchange Commission on August 21, 2020)
4.2	Form of Employment Agreement between the Registrant and its executive officers based in the PRC (incorporated herein by reference to Exhibit 10.2 to the registration statement on Form F-1 (File No. 333-242283), as amended, initially filed with the Securities and Exchange Commission on August 21, 2020)
4.3*	English translation of Equity Interest Pledge Agreement by and among Xiaopeng Technology, Zhipeng IoV and the current individual shareholder of Zhipeng IoV, dated April 20, 2024
4.4*	English translation of Power of Attorney by and among Xiaopeng Technology, Zhipeng IoV and the current individual shareholder of Zhipeng IoV, dated April 20, 2024
4.5*	English translation of Tripartite Agreement on the Comprehensive Assignment of Rights and Obligations under the Loan Agreement by and among Xiaopeng Technology, Zhipeng IoV's current individual shareholder and Zhipeng IoV's former individual shareholders, dated April 20, 2024
4.6*	English translation of Exclusive Service Agreement by and among Xiaopeng Technology and Zhipeng IoV, dated April 20, 2024
4.7*	English translation of Exclusive Option Agreement by and among Xiaopeng Technology, Zhipeng IoV and the current individual shareholder of Zhipeng IoV, dated April 20, 2024
4.8*	English translation of Equity Interest Pledge Agreement by and among Xiaopeng Chuxing, Yidian Chuxing and the current individual shareholder of Yidian Chuxing, dated April 20, 2024
4.9*	English translation of Power of Attorney by and among Xiaopeng Chuxing, Yidian Chuxing and the current individual shareholder of Yidian Chuxing, dated April 20, 2024
4.10*	English translation of Tripartite Agreement on the Comprehensive Assignment of Rights and Obligations under the Loan Agreement by and among Xiaopeng Chuxing, Yidian Chuxing's current individual shareholder and Yidian Chuxing's former individual shareholders, dated April 20, 2024
4.11*	English translation of Exclusive Service Agreement by and among Xiaopeng Chuxing and Yidian Chuxing, dated April 20, 2024
4.12*	English translation of Exclusive Option Agreement by and among Xiaopeng Chuxing, Yidian Chuxing and the current individual shareholder of Yidian Chuxing, dated April 20, 2024
4.13	English translation of Loan Agreement, between Zhaoqing High-Tech Industry Development Zone Construction Investment and Development Co., Limited and Chengxing Zhidong, dated May 27, 2017 (incorporated herein by reference to Exhibit 10.13 to the registration statement on Form F-1 (File No. 333-242283), as amended, initially filed with the Securities and Exchange Commission on August 7, 2020)

Exhibit Number	Description of Document
4.14	English translation of Amendment No. 1 to the Loan Agreement, by and among Zhaoqing High-Tech Industry Development Zone Construction Investment and Development Co., Limited, Chengxing Zhidong and Zhaoqing Xiaopeng Automobile Co., Ltd., dated August 25, 2017 (incorporated herein by reference to Exhibit 10.14 to the registration statement on Form F-1 (File No. 333-242283), as amended, initially filed with the Securities and Exchange Commission on August 7, 2020)
4.15†	English translation of Xiaopeng Brand Vehicle Cooperative Manufacturing Agreement, between Xiaopeng Technology and Haima Automobile Co., Ltd., dated March 31, 2017 (incorporated herein by reference to Exhibit 10.15 to the registration statement on Form F-1 (File No. 333-242283), as amended, initially filed with the Securities and Exchange Commission on August 11, 2020)
4.16†	English translation of Xiaopeng Brand Vehicle Distribution Agreement, between Xiaopeng Technology and Haima Automobile Co., Ltd., dated March 31, 2017 (incorporated herein by reference to Exhibit 10.16 to the registration statement on Form F-1 (File No. 333-242283), as amended, initially filed with the Securities and Exchange Commission on August 11, 2020)
4.17	Second Amended and Restated 2019 Share Incentive Plan (incorporated herein by reference to Exhibit 4.17 to the annual report on Form 20-F (File No. 001-39466), as amended, initially filed with the Securities and Exchange Commission on April 28, 2022)
4.18	Form of Employment Agreement between the Registrant and its executive officers based in the United States (incorporated herein by reference to Exhibit 10.18 to the registration statement on Form F-1 (File No. 333-242283), as amended, initially filed with the Securities and Exchange Commission on August 21, 2020)
4.19	Form of Employment Agreement between the Registrant and its executive officers based in Hong Kong (incorporated herein by reference to Exhibit 10.19 to the registration statement on Form F-1 (File No. 333-242283), as amended, initially filed with the Securities and Exchange Commission on August 21, 2020)
4.20	English translation of Cooperation Agreement, dated September 28, 2020, between Guangdong Xiaopeng Motors Technology Co., Ltd. and Guangzhou GET Investment Holdings Co., Ltd. (incorporated herein by reference to Exhibit 99.2 to the current report on Form 6-K (File No. 001-39466), as amended, initially filed with the Securities and Exchange Commission on September 28, 2020)
4.21	English translation of Capital Increase Agreement, dated March 12, 2021, by and among Guangzhou Chengxing Zhidong Automotive Technology Co., Ltd., Guangdong Xiaopeng Motors Technology Co., Ltd., Guangdong Xiaopeng Automotive Industry Holding Co., Ltd. and Guangdong Yuecai Industrial Investment Fund Partnership Enterprise (Limited Partnership) (incorporated herein by reference to Exhibit 4.21 to the annual report on Form 20-F (File No. 001-39466), as amended, initially filed with the Securities and Exchange Commission on April 16, 2021)
4.22†	English translation of Investment Agreement, dated April 8, 2021, between Administrative Committee of Wuhan Economic & Technological Development Zone and Guangdong Xiaopeng Motors Technology Co., Ltd. (incorporated herein by reference to Exhibit 4.22 to the report on Form 20-F (File No. 001-39466), as amended, initially filed with the Securities and Exchange Commission on April 16, 2021)
4.23	English translation of Equity Interest Pledge Agreement by and among Xiaopeng Technology, Xintu Technology and the shareholder of Xintu Technology, dated August 12, 2021 (incorporated herein by reference to Exhibit 4.23 to the annual report on Form 20-F (File No. 001-39466), as amended, initially filed with the Securities and Exchange Commission on April 28, 2022)
4.24	English translation of Power of Attorney by and among Xiaopeng Technology, Xintu Technology and the shareholder of Xintu Technology, dated August 12, 2021 (incorporated herein by reference to Exhibit 4.24 to the annual report on Form 20-F (File No. 001-39466), as amended, initially filed with the Securities and Exchange Commission on April 28, 2022)

Exhibit Number	Description of Document
4.25	English translation of Loan Agreement by and among Xiaopeng Technology and the shareholder of Xintu Technology, dated August 12, 2021 (incorporated herein by reference to Exhibit 4.25 to the annual report on Form 20-F (File No. 001-39466), as amended, initially filed with the Securities and Exchange Commission on April 28, 2022)
4.26	English translation of Exclusive Service Agreement between Xiaopeng Technology and Xintu Technology, dated August 12, 2021 (incorporated herein by reference to Exhibit 4.26 to the annual report on Form 20-F (File No. 001-39466), as amended, initially filed with the Securities and Exchange Commission on April 28, 2022)
4.27	English translation of Exclusive Option Agreement by and among Xiaopeng Technology, Xintu Technology and the shareholder of Xintu Technology, dated August 12, 2021 (incorporated herein by reference to Exhibit 4.27 to the annual report on Form 20-F (File No. 001-39466), as amended, initially filed with the Securities and Exchange Commission on April 28, 2022)
4.28	Share Purchase Agreement by and among the Registrant, Volkswagen (China) Investment Co., Ltd. and Volkswagen Finance Luxemburg S.A., dated July 26, 2023 (incorporated herein by reference to Exhibit 4.28 to the annual report on Form 20-F (File No. 001-39466), as amended, initially filed with the Securities and Exchange Commission on April 17, 2024)
4.29	Investor Rights Agreement by and among the Registrant, Volkswagen (China) Investment Co., Ltd. and Volkswagen Finance Luxemburg S.A., dated July 26, 2023 (incorporated herein by reference to Exhibit 4.29 to the annual report on Form 20-F (File No. 001-39466), as amended, initially filed with the Securities and Exchange Commission on April 17, 2024)
4.30	Share Purchase Agreement by and among the Registrant, DiDi Global Inc. and Da Vinci Auto Co. Limited, dated August 27, 2023 (incorporated herein by reference to Exhibit 4.30 to the annual report on Form 20-F (File No. 001-39466), as amended, initially filed with the Securities and Exchange Commission on April 17, 2024)
4.31	First Amendment to Share Purchase Agreement, dated August 27, 2023, by and among the Registrant, DiDi Global Inc. and Da Vinci Auto Co. Limited, dated November 12, 2023 (incorporated herein by reference to Exhibit 4.31 to the annual report on Form 20-F (File No. 001-39466), as amended, initially filed with the Securities and Exchange Commission on April 17, 2024)
4.32	Agreements for the Sale and Purchase of Shares in Dogotix Inc. by and among XPeng Dogotix Holdings Limited, Dogotix Inc., and each of XProbot Holdings Limited and other minority selling shareholders, dated September 29, 2023 (incorporated herein by reference to Exhibit 4.32 to the annual report on Form 20-F (File No. 001-39466), as amended, initially filed with the Securities and Exchange Commission on April 17, 2024)
4.33	English translation of the Termination Agreement to Cooperation Agreement on the Acquisition of Insurance Agency Business Qualification, dated July 22, 2022, by and among Xiaopeng Motors Sales, Mr. Tao He, Mr. Tao He's spouse and Guangzhou Xuetao, dated January 31, 2024 (incorporated herein by reference to Exhibit 4.33 to the annual report on Form 20-F (File No. 001-39466), as amended, initially filed with the Securities and Exchange Commission on April 17, 2024)
4.34	English translation of Equity Interest Pledge Agreement by and among Xiaopeng Motors Sales, GIIA, Guangzhou Xuetao and the shareholder of Guangzhou Xuetao, dated January 31, 2024 (incorporated herein by reference to Exhibit 4.34 to the annual report on Form 20-F (File No. 001-39466), as amended, initially filed with the Securities and Exchange Commission on April 17, 2024)
4.35	English translation of Power of Attorney by and among Xiaopeng Motors Sales, GIIA, Guangzhou Xuetao and the shareholder of Guangzhou Xuetao, dated January 31, 2024 (incorporated herein by reference to Exhibit 4.35 to the annual report on Form 20-F (File No. 001-39466), as amended, initially filed with the Securities and Exchange Commission on April 17, 2024)

Exhibit Number	Description of Document
4.36	English translation of Loan Agreement between Xiaopeng Motors Sales and the shareholder of Guangzhou Xuetao, dated January 31, 2024 (incorporated herein by reference to Exhibit 4.36 to the annual report on Form 20-F (File No. 001-39466), as amended, initially filed with the Securities and Exchange Commission on April 17, 2024)
4.37	English translation of Exclusive Service Agreement between Xiaopeng Motors Sales and GIIA, dated January 31, 2024 (incorporated herein by reference to Exhibit 4.37 to the annual report on Form 20-F (File No. 001-39466), as amended, initially filed with the Securities and Exchange Commission on April 17, 2024)
4.38	English translation of Exclusive Option Agreement by and among Xiaopeng Motors Sales, GIIA, Guangzhou Xuetao and the shareholder of Guangzhou Xuetao, dated January 31, 2024 (incorporated herein by reference to Exhibit 4.38 to the annual report on Form 20-F (File No. 001-39466), as amended, initially filed with the Securities and Exchange Commission on April 17, 2024)
4.39	Master Agreement on Platform and Software Collaboration by and among Xiaopeng Motors, Xiaopeng Technology, Volkswagen Group (China) Technology Company Ltd. and Volkswagen (Anhui) Company Ltd., dated February 5, 2024 (incorporated herein by reference to Exhibit 4.39 to the annual report on Form 20-F (File No. 001-39466), as amended, initially filed with the Securities and Exchange Commission on April 17, 2024)
4.40*	English translation of Termination Agreement by and among Xiaopeng Technology, Zhipeng IoV, and Zhipeng IoV's former individual shareholders, dated April 20, 2024
4.41*	English translation of Termination Agreement by and among Xiaopeng Chuxing, Yidian Chuxing, and Yidian Chuxing's former individual shareholders, dated April 20, 2024
8.1*	List of Significant Subsidiaries
11.1	Code of Business Conduct and Ethics of the Registrant (incorporated herein by reference to Exhibit 99.1 to the registration statement on Form F-1 (File No. 333-242283), as amended, initially filed with the Securities and Exchange Commission on August 21, 2020)
11.2*	Insider Trading Policy
12.1*	Certification by Chief Executive Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
12.2*	Certification by Principal Financial Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
13.1**	Certification by Chief Executive Officer Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
13.2**	Certification by Principal Financial Officer Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
15.1*	Consent of Fangda Partners
15.2*	Consent of Independent Registered Public Accounting Firm
97	Recovery of Erroneously Awarded Incentive-Based Compensation (incorporated herein by reference to Exhibit 97 to the annual report on Form 20-F (File No. 001-39466), as amended, initially filed with the Securities and Exchange Commission on April 17, 2024)
101.INS*	Inline XBRL Instance Document -this instance document does not appear in the Interactive Data File because its XBRL tags embedded within the Inline XBRL document
101.SCH*	Inline XBRL Taxonomy Extension Schema Document
101.CAL*	Inline XBRL Taxonomy Extension Calculation Linkbase Document
101.DEF*	Inline XBRL Taxonomy Extension Definition Linkbase Document
101.LAB*	Inline XBRL Taxonomy Extension Label Linkbase Document

Exhibit Number	Description of Document
101.PRE*	Inline XBRL Taxonomy Extension Presentation Linkbase Document
104	Cover Page Interactive Data File (embedded within the Inline XBRL document)

* Filed herewith
** Furnished herewith
† Portions of this exhibit have been omitted in accordance with Instruction 4 to Item 19 of Form 20-F.

SIGNATURES

The registrant hereby certifies that it meets all of the requirements for filing its annual report on Form 20-F and that it has duly caused and authorized the undersigned to sign this annual report on its behalf.

XPENG INC.

By: /s/ Xiaopeng He
Name: Xiaopeng He
Title: Chairman and Chief Executive Officer

Date: April 16, 2025

XPENG INC.

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Report of Independent Registered Public Accounting Firm

To the Board of Directors and Shareholders of XPeng Inc.

Opinions on the Financial Statements and Internal Control over Financial Reporting

We have audited the accompanying consolidated balance sheets of XPeng Inc. and its subsidiaries (the "Company") as of December 31, 2024 and 2023, and the related consolidated statements of comprehensive loss, of changes in shareholders' equity and of cash flows for each of the three years in the period ended December 31, 2024, including the related notes (collectively referred to as the "consolidated financial statements"). We also have audited the Company's internal control over financial reporting as of December 31, 2024, based on criteria established in *Internal Control - Integrated Framework* (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of the Company as of December 31, 2024 and 2023**,** and the results of its operations and its cash flows for each of the three years in the period ended December 31, 2024 in conformity with accounting principles generally accepted in the United States of America. Also in our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of December 31, 2024, based on criteria established in *Internal Control - Integrated Framework* (2013) issued by the COSO.

Basis for Opinions

The Company's management is responsible for these consolidated financial statements, for maintaining effective internal control over financial reporting, and for its assessment of the effectiveness of internal control over financial reporting, included in Management's Annual Report on Internal Control over Financial Reporting appearing under Item 15. Our responsibility is to express opinions on the Company's consolidated financial statements and on the Company's internal control over financial reporting based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) (PCAOB) and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement, whether due to error or fraud, and whether effective internal control over financial reporting was maintained in all material respects.

Our audits of the consolidated financial statements included performing procedures to assess the risks of material misstatement of the consolidated financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements. Our audit of internal control over financial reporting included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. Our audits also included performing such other procedures as we considered necessary in the circumstances. We believe that our audits provide a reasonable basis for our opinions.

Definition and Limitations of Internal Control over Financial Reporting

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (i) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (ii) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (iii) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Critical Audit Matters

The critical audit matters communicated below are matters arising from the current period audit of the consolidated financial statements that were communicated or required to be communicated to the audit committee and that (i) relate to accounts or disclosures that are material to the consolidated financial statements and (ii) involved our especially challenging, subjective, or complex judgments. The communication of critical audit matters does not alter in any way our opinion on the consolidated financial statements, taken as a whole, and we are not, by communicating the critical audit matters below, providing separate opinions on the critical audit matters or on the accounts or disclosures to which they relate.

Warranty Provisions

As described in Notes 2(r), 15 and 17 to the consolidated financial statements, the Company accrues a warranty liability for vehicles sold. As of December 31, 2024, the accrued warranty liability was RMB1,198.7 million. Accounting for warranties requires significant judgment by management of the Company to compute an estimate of the future costs to be incurred to repair or replace items under warranties and recalls when identified. Management determines the amount of the liability based on actual claims incurred to date and an estimate of the nature, frequency, and magnitude of the cost of potential claims by utilizing historical experiences of the Company.

The principal considerations for our determination that performing procedures relating to warranty provisions is a critical audit matter are the significant judgment by management in determining the warranty costs, which in turn led to a high degree of auditor judgment, subjectivity, and effort in performing procedures to evaluate the reasonableness of management's estimates of the nature, frequency and costs of future claims, and the audit effort involved the use of professionals with specialized skill and knowledge.

Addressing the matter involved performing procedures and evaluating audit evidence in connection with forming our overall opinion on the consolidated financial statements. These procedures included testing the effectiveness of controls relating to management's estimation of the warranty provisions, including controls over management's estimate of the nature, frequency, and magnitude of costs of future claims as well as the completeness and accuracy of actual claims history incurred to date. These procedures also included, among others, (i) evaluating the appropriateness of the model used by management to estimate future claims, (ii) evaluating the reasonableness of significant assumptions employed by management in developing their estimate for (a) the nature and frequency of future claims and (b) the related projected costs to be incurred to repair or replace items under warranty, considering current performance and historical experience of the Company, (iii) performing a retrospective comparison of forecasts of claims prepared by management in prior periods to actual claims incurred, and (iv) testing the reliability, completeness, and relevance of management's data relating to the actual claims incurred to date, including testing that such data was appropriately used by management in the estimation of warranty liability. Internal professionals with specialized skill and knowledge were used to assist in evaluating management's model and developing an independent estimate of the accrual for warranty provisions, which was then compared to management's estimate to evaluate its reasonableness.

Total estimated labor costs to complete technical research and development services contracts

As described in Notes 2(s) and 19 to the consolidated financial statements, the Company's total services and others revenue for the year ended December 31, 2024 was RMB5,036.9 million, which included technical research and development services revenue that was recognized based on the Company's progress towards completion of contract performance obligations using the input method. Accounting for contracts with customers using the input method required significant judgment by management of the Company to estimate the total costs to complete the contracts, primarily the estimation of total labor cost.

The principal considerations for our determination that performing procedures relating to total estimated labor costs to complete technical research and development services contracts is a critical audit matter are (i) the significant judgment by management when developing the total estimated labor costs to complete contracts and (ii) a high degree of auditor judgment, subjectivity, and effort in performing procedures and evaluating management's significant assumptions related to estimating the labor costs to complete contracts.

Addressing the matter involved performing procedures and evaluating audit evidence in connection with forming our overall opinion on the consolidated financial statements. These procedures included testing the effectiveness of controls relating to the revenue recognition process, including controls over the determination of estimated total labor costs and management's tracking of labor hours and calculation of actual labor cost incurred for the contracts. These procedures also included, among others (i) evaluating the appropriateness of the model used by management to calculate progress toward completion and (ii) evaluating the reasonableness of the significant assumptions used by management related to estimating the labor cost to complete contracts. Evaluating management's assumptions related to the estimated labor cost involved evaluating whether the assumptions used by management were reasonable by: (i) testing their budgeting process, including whether management can reasonably estimate the labor cost, (ii) performing a retrospective comparison of the estimated labor costs as compared with actual costs incurred to date; and (iii) testing the reliability, completeness and accuracy of the actual labor cost incurred, including testing such data was appropriately used by management in the estimation of total labor costs to complete the contracts.

/s/ PricewaterhouseCoopers Zhong Tian LLP
Shenzhen, the People's Republic of China
April 16, 2025

We have served as the Company's auditor since 2019.

CONSOLIDATED BALANCE SHEETS AS OF DECEMBER 31, 2023 AND 2024
(All amounts in thousands, except for share and per share data)

	Note	As of December 31, 2023 RMB	As of December 31, 2024 RMB
ASSETS			
Current assets			
Cash and cash equivalents	2(g)	21,127,163	**18,586,274**
Restricted cash	2(h)	3,174,886	**3,153,390**
Short-term deposits	2(i)	9,756,979	**12,931,757**
Restricted short-term deposits		—	**110,699**
Short-term investments	2(k), 6	781,216	**751,290**
Long-term deposits, current portion	2(i)	7,054,915	**452,326**
Accounts and notes receivable, net		2,716,216	**2,449,629**
Installment payment receivables, net, current portion	12	1,881,755	**2,558,756**
Inventory	7	5,526,212	**5,562,922**
Amounts due from related parties	26	12,948	**43,714**
Prepayments and other current assets	8	2,489,339	**3,135,312**
Total current assets		54,521,629	**49,736,069**
Non-current assets			
Long-term deposits	2(i)	3,035,426	**4,489,036**
Restricted long-term deposits	16	767,899	**1,487,688**
Property, plant and equipment, net	9	10,954,485	**11,521,863**
Right-of-use assets, net	18	1,455,865	**1,261,663**
Intangible assets, net	10	4,948,992	**4,610,469**
Land use rights, net	11	2,789,367	**2,744,424**
Installment payment receivables, net	12	3,027,795	**4,448,416**
Long-term investments	13	2,084,933	**1,963,194**
Other non-current assets	14	576,150	**443,283**
Total non-current assets		29,640,912	**32,970,036**
Total assets		84,162,541	**82,706,105**

CONSOLIDATED BALANCE SHEETS AS OF DECEMBER 31, 2023 AND 2024 (CONTINUED)
(All amounts in thousands, except for share and per share data)

	Note	As of December 31, 2023 RMB	As of December 31, 2024 RMB
LIABILITIES			
Current liabilities			
Short-term borrowings	16	3,889,100	**4,609,123**
Accounts and notes payable		22,210,431	**23,080,481**
Amounts due to related parties	26	30,880	**9,364**
Operating lease liabilities, current portion	18	365,999	**324,496**
Finance lease liabilities, current portion	18	34,382	**41,940**
Deferred revenue, current portion	20	630,997	**1,275,716**
Long-term borrowings, current portion	16	1,363,835	**1,858,613**
Accruals and other liabilities	15	7,580,195	**8,650,636**
Income taxes payable		5,743	**14,514**
Total current liabilities		36,111,562	**39,864,883**
Non-current liabilities			
Long-term borrowings	16	5,650,782	**5,664,518**
Operating lease liabilities	18	1,490,882	**1,345,852**
Finance lease liabilities	18	777,697	**777,697**
Deferred revenue	20	668,946	**822,719**
Derivative liability	5	393,473	**167,940**
Deferred tax liabilities	24	404,018	**341,932**
Other non-current liabilities	17	2,336,654	**2,445,776**
Total non-current liabilities		11,722,452	**11,566,434**
Total liabilities		47,834,014	**51,431,317**
Commitments and contingencies	27		

CONSOLIDATED BALANCE SHEETS AS OF DECEMBER 31, 2023 AND 2024 (CONTINUED)
(All amounts in thousands, except for share and per share data)

	Note	As of December 31, 2023 RMB	As of December 31, 2024 RMB
SHAREHOLDERS' EQUITY			
Class A Ordinary shares (US$0.00001 par value; 9,250,000,000 and 9,250,000,000 shares authorized, 1,538,109,009 and 1,551,709,362 shares issued, 1,535,297,395 and 1,549,404,500 shares outstanding as of December 31, 2023 and 2024, respectively)	22	103	**104**
Class B Ordinary shares (US$0.00001 par value, 750,000,000 and 750,000,000 shares authorized, 348,708,257 and 348,708,257 shares issued and outstanding as of December 31, 2023 and 2024, respectively)	22	21	**21**
Additional paid-in capital		70,198,031	**70,671,685**
Statutory and other reserves		60,035	**95,019**
Accumulated deficit		(35,760,301)	**(41,585,549)**
Accumulated other comprehensive income		1,830,638	**2,093,508**
Total shareholders' equity		36,328,527	**31,274,788**
Total liabilities and shareholders' equity		84,162,541	**82,706,105**

The accompanying notes are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENTS OF COMPREHENSIVE LOSS
FOR THE YEARS ENDED DECEMBER 31, 2022, 2023 AND 2024
(All amounts in thousands, except for share and per share data)

	Note	For the Year Ended December 31,		
		2022	2023	2024
		RMB	RMB	RMB
Revenues				
Vehicle sales	19	24,839,637	28,010,857	**35,829,402**
Services and others	19	2,015,482	2,665,210	**5,036,907**
Total revenues		26,855,119	30,676,067	**40,866,309**
Cost of sales[(1)]				
Vehicle sales		(22,493,122)	(28,457,909)	**(32,866,163)**
Services and others		(1,273,606)	(1,767,003)	**(2,154,378)**
Total cost of sales		(23,766,728)	(30,224,912)	**(35,020,541)**
Gross profit		3,088,391	451,155	**5,845,768**
Operating expenses[(1)]				
Research and development expenses	2(u)	(5,214,836)	(5,276,574)	**(6,456,734)**
Selling, general and administrative expenses	2(v)	(6,688,246)	(6,558,942)	**(6,870,644)**
Total operating expenses		(11,903,082)	(11,835,516)	**(13,327,378)**
Other income, net	2(y)	109,168	465,588	**589,227**
Fair value gain on derivative liability relating to the contingent consideration		—	29,339	**234,245**
Loss from operations		(8,705,523)	(10,889,434)	**(6,658,138)**
Interest income		1,058,771	1,260,162	**1,374,525**
Interest expenses		(132,192)	(268,666)	**(343,982)**
Fair value gain (loss) on derivative assets or derivative liabilities		59,357	(410,417)	**—**
Investment gain (loss) on long-term investments	13	25,062	(224,364)	**(261,991)**
Exchange (loss) gain from foreign currency transactions		(1,460,151)	97,080	**(49,543)**
Other non-operating income, net		36,318	41,934	**108,154**
Loss before income tax (expenses) benefit and share of results of equity method investees		(9,118,358)	(10,393,705)	**(5,830,975)**
Income tax (expenses) benefit	24(a)	(24,731)	(36,810)	**69,780**
Share of results of equity method investees	13	4,117	54,740	**(29,069)**
Net loss		(9,138,972)	(10,375,775)	**(5,790,264)**
Net loss attributable to ordinary shareholders of XPeng Inc.		(9,138,972)	(10,375,775)	**(5,790,264)**

CONSOLIDATED STATEMENTS OF COMPREHENSIVE LOSS
FOR THE YEARS ENDED DECEMBER 31, 2022, 2023 AND 2024 (CONTINUED)
(All amounts in thousands, except for share and per share data)

	Note	For the Year Ended December 31,		
		2022	2023	2024
		RMB	RMB	RMB
Net loss		(9,138,972)	(10,375,775)	(5,790,264)
Other comprehensive income				
Foreign currency translation adjustment, net of tax		3,192,573	286,614	262,870
Total comprehensive loss attributable to XPeng Inc.		(5,946,399)	(10,089,161)	(5,527,394)
Comprehensive loss attributable to ordinary shareholders of XPeng Inc.		(5,946,399)	(10,089,161)	(5,527,394)
Weighted average number of ordinary shares used in computing net loss per ordinary share				
Basic and diluted	25	1,712,533,564	1,740,921,519	1,891,357,212
Net loss per ordinary share attributable to ordinary shareholders				
Basic and diluted	25	(5.34)	(5.96)	(3.06)

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

	For the Year Ended December 31,		
	2022	2023	2024
	RMB	RMB	RMB
Cost of sales	3,183	3,235	2,599
Selling, general and administrative expenses	282,667	206,936	147,672
Research and development expenses	424,636	340,364	323,384

The accompanying notes are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2022, 2023 AND 2024
(All amounts in thousands, except for share and per share data)

	Note	Ordinary Shares		Treasury Shares		Additional Paid-in Capital	Statutory and Other Reserves	Accumulated Other Comprehensive (Loss) Income	Accumulated Deficit	Total Shareholders' Equity
		Shares	Par Value RMB	Shares	Par Value RMB	RMB	RMB	RMB	RMB	RMB
Balance as of December 31, 2021		1,712,757,328	113	(11,871,690)	(1)	59,980,534	6,047	(1,648,549)	(16,191,566)	42,146,578
Share-based compensation	23	—	—	—	—	710,486	—	—	—	710,486
Issuance of treasury shares	22	10,614,576	1	(10,614,576)	(1)	—	—	—	—	—
Transfer from treasury shares to outstanding ordinary shares for vested RSUs	22	—	—	17,567,096	1	(1)	—	—	—	—
Issuance of ordinary shares for vested RSUs	22	2,030,152	—	—	—	—	—	—	—	—
Foreign currency translation adjustment, net of tax		—	—	—	—	—	—	3,192,573	—	3,192,573
Net loss		—	—	—	—	—	—	—	(9,138,972)	(9,138,972)
Appropriations to reserves	2(ab)	—	—	—	—	—	378	—	(378)	—
Balance as of December 31, 2022		1,725,402,056	114	(4,919,170)	(1)	60,691,019	6,425	1,544,024	(25,330,916)	36,910,665

CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2022, 2023 AND 2024 (CONTINUED)
(All amounts in thousands, except for share and per share data)

	Note	Ordinary Shares		Treasury Shares		Additional Paid-in Capital	Statutory and Other Reserves	Accumulated Other Comprehensive Income	Accumulated Deficit	Total Shareholders' Equity
		Shares	Par Value	Shares	Par Value					
			RMB		RMB	RMB	RMB	RMB	RMB	RMB
Balance as of December 31, 2022		1,725,402,056	114	(4,919,170)	(1)	60,691,019	6,425	1,544,024	(25,330,916)	36,910,665
Share-based compensation	23	—	—	—	—	550,535	—	—	—	550,535
Issuance of treasury shares	22	8,571,852	—	(8,571,852)	—	—	—	—	—	—
Transfer from treasury shares to outstanding ordinary shares for vested RSUs	22	—	—	10,679,408	—	—	—	—	—	—
Issuance of ordinary shares for vested RSUs	22	599,886	—	—	—	—	—	—	—	—
Contingent consideration classified as equity relating to the acquisition of DiDi's smart auto business	5	—	—	—	—	260,546	—	—	—	260,546
Issuance of ordinary shares as consideration for the acquisition of DiDi's smart auto business	5,22	58,164,217	4	—	—	3,268,541	—	—	—	3,268,545
Issuance of ordinary shares to Volkswagen Group ("Volkswagen")	22	94,079,255	7	—	—	5,427,390	—	—	—	5,427,397
Foreign currency translation adjustment, net of tax		—	—	—	—	—	—	286,614	—	286,614
Net loss		—	—	—	—	—	—	—	(10,375,775)	(10,375,775)
Appropriations to reserves	2(ab)	—	—	—	—	—	53,610	—	(53,610)	—
Balance as of December 31, 2023		1,886,817,266	125	(2,811,614)	(1)	70,198,031	60,035	1,830,638	(35,760,301)	36,328,527

CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2022, 2023 AND 2024 (CONTINUED)
(All amounts in thousands, except for share and per share data)

	Note	Ordinary Shares		Treasury Shares		Additional Paid-in Capital	Statutory and Other Reserves	Accumulated Other Comprehensive Income	Accumulated Deficit	Total Shareholders' Equity
		Shares	Par Value RMB	Shares	Par Value RMB	RMB	RMB	RMB	RMB	RMB
Balance as of December 31, 2023		1,886,817,266	125	(2,811,614)	(1)	70,198,031	60,035	1,830,638	(35,760,301)	36,328,527
Share-based compensation	23	—	—	—	—	473,655	—	—	—	473,655
Issuance of treasury shares	22	7,953,404	1	(7,953,404)	(1)	—	—	—	—	—
Transfer from treasury shares to outstanding ordinary shares for vested RSUs	22	—	—	8,460,156	1	(1)	—	—	—	—
Issuance of ordinary shares for vested RSUs	22	1,010,502	—	—	—	—	—	—	—	—
Issuance of ordinary shares as consideration for the acquisition of DiDi's smart auto business	5,22	4,636,447	—	—	—	—	—	—	—	—
Foreign currency translation adjustment, net of tax		—	—	—	—	—	—	262,870	—	262,870
Net loss		—	—	—	—	—	—	—	(5,790,264)	(5,790,264)
Appropriations to reserves	2(ab)	—	—	—	—	—	34,984	—	(34,984)	—
Balance as of December 31, 2024		1,900,417,619	126	(2,304,862)	(1)	70,671,685	95,019	2,093,508	(41,585,549)	31,274,788

The accompanying notes are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2022, 2023 AND 2024
(All amounts in thousands, except for share and per share data)

	Note	For the Year Ended December 31, 2022 RMB	2023 RMB	2024 RMB
Cash flows from operating activities				
Net loss		(9,138,972)	(10,375,775)	(5,790,264)
Adjustments to reconcile net loss to net cash (used in) provided by operating activities:				
Depreciation of property, plant and equipment	9	915,481	1,645,760	1,571,754
Amortization of intangible assets	10	65,714	230,501	537,669
Amortization of right-of-use assets		379,200	182,195	413,349
Amortization of land use rights	11	50,309	48,828	49,868
Loss of disposal of property, plant and equipment	2(m)	15,682	4,863	21,787
Loss of disposal of intangible assets		—	409	74
Impairment of property, plant and equipment		30,849	81,814	137,519
Impairment of intangible assets	10	26,418	8,712	—
Current expected credit loss of accounts receivable	2(j)	11,369	18,222	20,328
Current expected credit loss of installment payment receivables	2(j)	43,971	47,352	(16,651)
Current expected credit loss of other current assets	2(j)	12,314	4,783	1,895
Inventory write-downs	2(l), 7	220,319	1,054,711	943,734
Exchange loss (gain) from foreign currency transactions		1,460,151	(97,080)	49,543
Interest income		(237,657)	(352,179)	(40,244)
Share-based compensation	23	710,486	550,535	473,655
Fair value (gain) loss on derivative assets or derivative liabilities		(59,357)	410,417	—
Fair value gain on derivative liability relating to the contingent consideration	5	—	(29,339)	(234,245)
Investment (gain) loss on long-term investments	13	(25,062)	224,364	261,991
Share of results of equity method investees	13	(4,117)	(54,740)	29,069
Changes in operating assets and liabilities, net of effects of acquisition:				
Accounts and notes receivable		(1,210,721)	1,138,408	246,259
Inventory		(2,475,785)	(2,358,763)	(1,060,210)
Amounts due from related parties		(14,339)	34,176	(30,766)
Prepayments and other current assets		(219,127)	329,654	(321,139)
Other non-current assets		(23,124)	150,944	(40,163)
Accounts and notes payable		1,860,670	7,955,933	870,050
Deferred tax liabilities		—	18,797	(62,086)
Deferred revenue	20	185,961	216,694	798,492
Operating lease liabilities		(380,006)	(172,612)	(405,680)
Accruals and other liabilities		119,283	1,089,108	1,533,014
Other non-current liabilities		237,117	443,545	95,322
Installment payment receivables		(776,585)	(1,473,594)	(2,080,971)
Amounts due to related parties		(17,736)	1,433	5,933
Income taxes payable		4,918	(21,912)	8,771
Net cash (used in) provided by operating activities		(8,232,376)	956,164	(2,012,343)
Cash flows from investing activities				
Maturity (Placement) of short-term deposits		11,922,171	5,441,363	(2,984,153)
Maturity of short-term investments		1,625,763	524,172	62,799
(Placement) Maturity of long-term deposits		(3,822,326)	(2,548,847)	5,179,690
Placement of restricted short-term deposits		—	(1,010,000)	(588,000)
Maturity of restricted short-term deposits		—	1,010,000	558,000
Placement of restricted long-term deposits		—	(580,000)	(1,100,000)
Purchase of property, plant and equipment		(4,275,838)	(2,096,326)	(2,226,111)
Receipt of government subsidy related to assets		166,260	111,944	19,200
Maturity of derivative assets or derivative liabilities		10,752	—	—
Purchase of intangible assets		(98,047)	(124,838)	(196,901)
Disposal of property, plant and equipment		77,059	8,380	169,539
Purchase of land use rights		(306,014)	(90,341)	(4,925)
Disposal of long-term investments	13	165,000	—	—
Cash paid for long-term investments		(618,814)	(188,681)	(144,237)
Cash acquired relating to a business combination		—	684,214	—
Cash paid for an asset acquisition, net of cash acquired		—	(509,872)	—
Net cash provided by (used in) investing activities		4,845,966	631,168	(1,255,099)

CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2022, 2023 AND 2024 (CONTINUED)
(All amounts in thousands, except for share and per share data)

	Note	For the Year Ended December 31,		
		2022	2023	2024
		RMB	RMB	RMB
Cash flows from financing activities				
Proceeds from issuance of ordinary shares to Volkswagen Group		—	5,019,599	—
Proceeds from borrowings	16	6,800,730	8,271,823	10,718,107
Repayments of borrowings	16	(681,710)	(5,162,232)	(9,489,570)
Repayments of amounts to a related party	26	—	—	(27,449)
Repayments of debt from third party investors		(98,000)	—	(500,000)
Repayments of finance lease liabilities	18	(15,355)	(113,943)	(31,767)
Payments of listing expenses		(1,830)	—	—
Net cash provided by financing activities		6,003,835	8,015,247	669,321
Effects of exchange rate changes on cash, cash equivalents and restricted cash		461,740	(14,576)	35,736
Net increase (decrease) in cash, cash equivalents and restricted cash		3,079,165	9,588,003	(2,562,385)
Cash, cash equivalents and restricted cash at beginning of the year		11,634,881	14,714,046	24,302,049
Cash, cash equivalents and restricted cash at end of the year		14,714,046	24,302,049	21,739,664
Supplemental disclosure of cash flows information				
Cash paid for interest, net of amounts capitalized		(162,470)	(306,656)	(465,031)
Cash paid for income taxes		(36,071)	(25,727)	(33,635)
Acquisition of property, plant and equipment included in liabilities		1,624,432	1,723,130	1,799,882
Cash acquired relating to a business combination		—	684,214	—
Cash paid for an asset acquisition		—	(710,479)	—
Cash acquired relating to an asset acquisition		—	200,607	—
Supplemental disclosure of non-cash investing activities:				
Ordinary shares issued for the acquisition of DiDi's smart auto business		—	3,087,849	—
Fair value of contingent consideration relating to the acquisition of DiDi's smart auto business		—	694,357	—

The accompanying notes are an integral part of these consolidated financial statements.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(All amounts in thousands, except for share and per share data, unless otherwise stated)

1. Organization and Nature of Operations

(a) Principal activities

XPeng Inc. ("XPeng" or the "Company") was incorporated under the laws of the Cayman Islands on December 27, 2018, as an exempted company with limited liability. The Company, its subsidiaries and consolidated variable interest entity ("VIE") and VIE's subsidiaries ("VIEs", also refer to VIE and its subsidiaries as a whole, where appropriate) are collectively referred to as the "Group".

The Group designs, develops and delivers smart electric vehicles. It manufactures all vehicles through its own plants in Zhaoqing and Guangzhou, and its own manufacturing base in Wuhan. As of December 31, 2023 and 2024, its primary operations are conducted in the People's Republic of China ("PRC").

(b) Initial public offering and global offering

In August and December 2020, the Company completed its initial public offering ("IPO") and follow-on offering ("FO") on the New York Stock Exchange ("NYSE").

In July 2021, the Company completed its global offering ("Global Offering"), including the Hong Kong Public Offering and the International Offering, on The Stock Exchange of Hong Kong Limited ("HKEX").

1. Organization and Nature of Operations (continued)

(c) ***Principal subsidiaries and VIEs***

As of December 31, 2024, the Company's principal subsidiaries and VIEs are as follows:

	Place of incorporation	Date of incorporation or acquisition	Equity interest held	Principal activities
Principal subsidiaries				
Guangzhou Chengxing Zhidong Automotive Technology Co., Ltd. ("Chengxing")	PRC	January 09, 2015	100%	Investment holding
Guangzhou Xiaopeng Motors Technology Co., Ltd.("Xiaopeng Technology")	PRC	May 12, 2016	100%	Design and technology development
Guangzhou Xiaopeng Automobile Manufacturing Co., Ltd.	PRC	April 07, 2017	100%	Design and technology development
Guangzhou Xiaopeng Automatic Driving Technology Co., Ltd.	PRC	November 18, 2019	100%	Technology development
Guangzhou Xiaopeng Smart Charging Technology Co., Ltd.	PRC	June 22, 2020	100%	Smart charging technology development
Guangzhou Zhipeng Manufacturing Co., Ltd.	PRC	January 14, 2021	100%	Manufacturing of vehicles
Zhaoqing Xiaopeng New Energy Investment Co., Ltd.("Zhaoqing Xiaopeng New Energy")	PRC	February 13, 2020	100%	Manufacturing of vehicles
Zhaoqing Xiaopeng Automobile Co., Ltd.("Zhaoqing XPeng")	PRC	May 18, 2017	100%	Manufacturing of battery pack
Xiaopeng Motors Sales Co., Ltd. ("Xiaopeng Motors Sales")	PRC	January 08, 2018	100%	Vehicle wholesale and retail
Beijing Xiaopeng Automobile Co., Ltd.("Beijing Xiaopeng")	PRC	April 28, 2018	100%	Vehicle wholesale and retail, design and technology development
Xiaopeng Automobile Central China (Wuhan) Co., Ltd.("Wuhan Xiaopeng")	PRC	April 30, 2021	100%	Technology development and vehicle retail
Wuhan Xiaopeng Smart Manufacturing Co., Ltd.	PRC	August 16, 2021	100%	Manufacturing of battery pack and electric drive system
Shanghai Xiaopeng Motors Technology Co., Ltd.("Shanghai Xiaopeng")	PRC	February 12, 2018	100%	Technology development and vehicle retail
Shenzhen Xiaopeng Automobile Supply Chain Management Co., Ltd.	PRC	January 5, 2024	100%	Export trading
XPeng Huitian Holding Limited	BVI	October 12, 2020	100%	Investment holding
Dogotix Inc.	BVI	October 09, 2023	100%	Investment holding
XPeng (Hong Kong) Limited	Hong Kong	February 12, 2019	100%	Investment holding

1. Organization and Nature of Operations (continued)

(c) Principal subsidiaries and VIEs (continued)

(1)The English names of the subsidiaries and VIEs represent the best effort by the management of the Company in translating its Chinese names as they do not have official English name.

1. Organization and Nature of Operations (continued)

(c) ***Principal subsidiaries and VIEs (continued)***

As of December 31, 2024, the Company's principal subsidiaries and VIEs are as follows (continued):

	Place of incorporation	Date of incorporation or acquisition	Principal activities
VIEs			
Guangzhou Zhipeng IoV Technology Co., Ltd. ("Zhipeng IoV") (Note 1(c)(i))	PRC	May 23, 2018	Business of development and the operation of an Internet of Vehicles network
Guangzhou Yidian Zhihui Chuxing Technology Co., Ltd. ("Yidian Chuxing") (Note 1(c)(ii))	PRC	May 24, 2018	Business of provision of online-hailing services through online platform
Guangzhou Xintu Technology Co., Ltd. ("Xintu Technology") (Note 1(c)(i))	PRC	April 27, 2021	Surveying and mapping
Guangdong Intelligent Insurance Agent Co., Ltd. ("GIIA", formerly known as Qingdao Miaobao Insurance agent Co., Ltd.) (Note 1(c)(iii))	PRC	July 22, 2022	Insurance agency
VIEs' subsidiary			
Jiangsu Zhipeng Kongjian Information Technology Co., Ltd. ("Zhipeng Kongjian", formerly known as Jiangsu Zhitu Technology Co., Ltd., a subsidiary of Xintu Technology) (Note 1(c)(i))	PRC	June 23, 2021	Surveying and mapping

(i) Zhipeng IoV which is primarily engaged in the business of development and the operation of an Internet of Vehicles network was established by two shareholders of the Company (the "Zhipeng IoV's Nominee Shareholders") on May 23, 2018. On May 28, 2018, Xiaopeng Technology, Zhipeng IoV, and Zhipeng IoV's Nominee Shareholders entered into a series of contractual agreements, including an equity interest pledge agreement, a loan agreement, exclusive service agreement, exclusive call option agreement and power of attorney that irrevocably authorized Xiaopeng Technology to exercise the equity owner's rights over Zhipeng IoV. These agreements provide the Company, as the only shareholder of Xiaopeng Technology, with a controlling financial interest under ASC 810 in Zhipeng IoV to direct the activities that most significantly impact Zhipeng IoV's economic performance and enable the Company to obtain substantially all of the economic benefits arising from Zhipeng IoV. Management concluded that Zhipeng IoV is a variable interest entity of the Company and the Company is the ultimate primary beneficiary of Zhipeng IoV and shall consolidate the financial results of Zhipeng IoV in the Group's consolidated financial statements under U.S. GAAP.

On April 27, 2021, Zhipeng IoV established Xintu Technology and became the only shareholder of Xintu Technology. On June 23, 2021, Xintu Technology acquired 100% of the equity interest of Zhipeng Kongjian which possesses surveying and mapping qualification certificate, which is determined to be an asset acquisition.

On August 12, 2021, Guangzhou Kuntu Technology Co., Ltd. ("Kuntu Technology"), a company controlled by the Zhipeng IoV's Nominee Shareholders, acquired 100% of the equity interest of Xintu Technology from Zhipeng IoV. On the same day, Xiaopeng Technology, Xintu Technology and Kuntu Technology entered into a series of contractual agreements, including an equity interest pledge agreement, a loan agreement, exclusive service agreement, exclusive call option agreement and power of attorney that irrevocably authorized Xiaopeng Technology to exercise the equity owner's rights over Xintu Technology. These agreements provide the Company, as the only shareholder of Xiaopeng Technology, with a controlling financial interest under ASC 810 in Xintu Technology to direct the activities that most significantly impact Xintu Technology's economic performance and enable the Company to obtain substantially all of the economic benefits arising from Xintu Technology. Management concluded that Xintu Technology is a variable interest entity of the Company and the Company is the ultimate primary beneficiary of Xintu Technology and shall consolidate the financial results of Xintu Technology in the Group's consolidated financial statements under U.S. GAAP. As of December 31, 2024, Xintu Technology did not have significant operations, nor any material assets or liabilities.

1. Organization and Nature of Operations (continued)

(c) Principal subsidiaries and VIEs (continued)

On September 6, 2021, Xiaopeng Technology (wholly owned by the Company) acquired 50% equity interests in Zhipeng IoV from Zhipeng IoV's Nominee Shareholders. At the same time, the aforementioned contractual agreements had been modified to reflect the change of equity interests in Zhipeng IoV. Xiaopeng Technology, Zhipeng IoV, and Zhipeng IoV's Nominee Shareholders entered into a series of contractual agreements, including an equity interest pledge agreement, a loan agreement, exclusive service agreement, exclusive call option agreement and power of attorney that irrevocably authorized Xiaopeng Technology to exercise the equity owner's rights over Zhipeng IoV. On April 20, 2024, the original Nominee Shareholders of Zhipeng IoV changed to a new Nominee Shareholder, who is an employee from the Group, and the aforementioned contractual agreements had been modified to reflect the change of nominee shareholders of Zhipeng IoV. Xiaopeng Technology, Zhipeng IoV, and Zhipeng IoV's new Nominee Shareholder entered into a series of contractual agreements, including an equity interest pledge agreement, a loan agreement, exclusive service agreement, exclusive call option agreement and power of attorney that irrevocably authorized Xiaopeng Technology to exercise the equity owner's rights over Zhipeng IoV. These agreements, coupled with its 50% equity interest, results in the Company, being the VIE's primary beneficiary, with a controlling financial interest under ASC 810 in Zhipeng IoV, to direct the activities that most significantly impact Zhipeng IoV's economic performance and enable the Company to obtain substantially all of the economic benefits arising from Zhipeng IoV. Accordingly, the Company continued to consolidate the financial results of Zhipeng IoV under U.S. GAAP. As of December 31, 2024, Zhipeng IoV did not have significant operations, nor any material assets or liabilities.

(ii) Yidian Chuxing which is primarily engaged in the business of provision of online-hailing services through online platform was established by two shareholders of the Company (the "Yidian Chuxing's Nominee Shareholders") on May 24, 2018. On May 28, 2018, Guangzhou Xiaopeng Zhihui Chuxing Technology Co., Ltd, ("Xiaopeng Chuxing"), Yidian Chuxing, and Yidian Chuxing's Nominee Shareholders entered into a series of contractual agreements, including an equity interest pledge agreement, a loan agreement, exclusive service agreement, exclusive call option agreement and power of attorney that irrevocably authorized Xiaopeng Chuxing to exercise the equity owner's rights over Yidian Chuxing. These agreements provide the Company, as the only shareholder of Xiaopeng Chuxing, with a controlling financial interest under ASC 810 in Yidian Chuxing to direct the activities that most significantly impact Yidian Chuxing's economic performance and enable the Company to obtain substantially all of the economic benefits arising from Yidian Chuxing. Management concluded that Yidian Chuxing is a variable interest entity of the Company and the Company is the ultimate primary beneficiary of Yidian Chuxing and shall consolidate the financial results of Yidian Chuxing in the Group's consolidated financial statements under U.S. GAAP.

On September 10, 2021, Xiaopeng Chuxing (wholly owned by the Company) acquired 50% equity interests in Yidian Chuxing from Yidian Chuxing's Nominee Shareholders. At the same time, the aforementioned contractual agreements have been modified to reflect the change of equity interests in Yidian Chuxing. Xiaopeng Chuxing, Yidian Chuxing, and Yidian Chuxing's Nominee Shareholders entered into a series of contractual agreements, including an equity interest pledge agreement, a loan agreement, exclusive service agreement, exclusive call option agreement and power of attorney that irrevocably authorized Xiaopeng Chuxing to exercise the equity owner's rights over Yidian Chuxing. On April 20, 2024, the original Nominee Shareholders of Yidian Chuxing changed to a new Nominee Shareholder, who is an employee from the Group, and the aforementioned contractual agreements had been modified to reflect the change of nominee shareholders of Yidian Chuxing. Xiaopeng Chuxing, Yidian Chuxing, and Yidian Chuxing's new Nominee Shareholder entered into a series of contractual agreements, including an equity interest pledge agreement, a loan agreement, exclusive service agreement, exclusive call option agreement and power of attorney that irrevocably authorized Xiaopeng Chuxing to exercise the equity owner's rights over Yidian Chuxing. These agreements, coupled with its 50% equity interest, results in the Company, being the VIE's primary beneficiary, with a controlling financial interest under ASC 810 in Yidian Chuxing, to direct the activities that most significantly impact Yidian Chuxing's economic performance and enable the Company to obtain substantially all of the economic benefits arising from Yidian Chuxing. Accordingly, the Company continued to consolidate the financial results of Yidain Chuxing under U.S. GAAP. As of December 31, 2024, Yidian Chuxing did not have significant operations, nor any material assets or liabilities.

1. Organization and Nature of Operations (continued)

(c) Principal subsidiaries and VIEs (continued)

(iii) GIIA, primarily engaged in the business of insurance agency services and established in 2007, was acquired by Guangzhou Xuetao Enterprise Management Co., Ltd. ("Guangzhou Xuetao"), a company jointly established by the former senior vice president of the Company and his spouse (the "GIIA's Nominee Shareholders"). On July 22, 2022, Xiaopeng Motors Sales (wholly owned by the Company), Guangzhou Xuetao and GIIA's Nominee Shareholders entered into a cooperation agreement that Guangzhou Xuetao irrevocably authorized Xiaopeng Motors Sales to exercise the 100% equity owner's rights over GIIA. The agreement provides the Company, as the only shareholder of Xiaopeng Motors Sales, with a controlling financial interest under ASC 810 in GIIA to direct the activities that most significantly impact GIIA's economic performance and enable the Company to obtain substantially all of the economic benefits arising from GIIA. As a result of this contractual arrangement, management concluded that GIIA is a VIE of the Company and the Company is the ultimate primary beneficiary of GIIA and shall consolidate the financial results of GIIA in the Group's consolidated financial statements under U.S. GAAP. As of December 31, 2024, GIIA did not have significant operations, nor any material assets or liabilities.

On January 31, 2024, this cooperation agreement was terminated and new contractual agreements that irrevocably authorized Xiaopeng Motors Sales to exercise the equity owner's rights over GIIA, including an equity interest pledge agreement, a loan agreement, exclusive service agreement, exclusive call option agreement and power of attorney, were entered into among GIIA, Xiaopeng Motors Sales, Guangzhou Xuetao and a new nominee shareholder of Guangzhou Xuetao, who is the Group's employee. These agreements provide the Company, as the only shareholder of Xiaopeng Motors Sales, with a controlling financial interest under ASC 810 in GIIA to direct the activities that most significantly impact GIIA's economic performance and enable the Company to obtain substantially all of the economic benefits arising from GIIA. Management concluded that GIIA is a variable interest entity of the Company and the Company is the ultimate primary beneficiary of GIIA and shall consolidate the financial results of GIIA in the Group's consolidated financial statements under U.S. GAAP.

1. Organization and Nature of Operations (continued)

(d) **Liquidity**

The Group has been incurring losses from operations since inception. The Group incurred net losses of RMB9,138,972, RMB10,375,775 and RMB5,790,264 for the years ended December 31, 2022, 2023 and 2024, respectively. Accumulated deficit amounted to RMB35,760,301 and RMB41,585,549 as of December 31, 2023 and 2024, respectively. Net cash used in operating activities was approximately RMB8,232,376 and RMB2,012,343 for the years ended December 31, 2022 and 2024, respectively. Net cash provided by operating activities was approximately RMB956,164 for the year ended December 31, 2023.

The Group's liquidity is based on its ability to enhance its operating cash flow position, obtain capital financing from equity interest investors and borrow funds to fund its general operations, research and development activities and capital expenditures. The Group's ability to continue as a going concern is dependent on management's ability to execute its business plan successfully, which includes increasing market acceptance of the Group's products to boost its sales volume to achieve economies of scale while applying more effective marketing strategies and cost control measures to better manage operating cash flow position and obtaining funds from outside sources of financing to generate positive financing cash flows. With the completion of its IPO and FO on NYSE in August and December 2020, the Group received the net proceeds, after deducting the underwriting discounts and commissions, fees and offering expenses, of RMB11,409,248 and RMB15,980,227, respectively. In July 2021, with the completion of its Global Offering on HKEX, the Group further received the net proceeds, after deducting the underwriting discounts and commissions, of Hong Kong dollar (HK$)15,823,315.

In December 2023, with the completion of the strategic minority investment by Volkswagen Group ("Volkswagen"), the Group received the net proceeds, after deducting related costs and expenses, of RMB5,019,599. As of December 31, 2024, the Group's balance of cash and cash equivalents, restricted cash, excluding RMB4,898 restricted as to withdrawal or use for legal disputes, short-term deposits, restricted short-term deposits, short-term investments, and current portion of long-term deposits was RMB35,980,838.

Management concluded that its existing balance of cash and cash equivalents, short-term deposits, restricted short-term deposits, short-term investments and current portion of long-term deposits as of December 31, 2024, provide the Group with sufficient liquidity to meet its working capital requirements and contractual (including debt) obligations for the next twelve months following the issuance of the consolidated financial statements. Accordingly, the consolidated financial statements have been prepared on a going concern basis, which contemplates the realization of assets and liquidation of liabilities during the normal course of operations.

2. Summary of Significant Accounting Policies

(a) Basis of presentation

The consolidated financial statements of the Group have been prepared in accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP") to reflect the financial position, results of operations and cash flows of the Group. Significant accounting policies followed by the Group in the preparation of the accompanying consolidated financial statements are summarized below.

(b) Principles of consolidation

The consolidated financial statements include the financial statements of the Company, its subsidiaries and the VIEs for which the Company is the ultimate primary beneficiary. All transactions and balances among the Company, its subsidiaries and VIEs have been eliminated upon consolidation.

A subsidiary is an entity in which the Company, directly or indirectly, controls more than one half of the voting power: has the power to appoint or remove the majority of the members of the board of directors (the "Board"): to cast majority of votes at the meeting of the Board or to govern the financial and operating policies of the investees under a statute or agreement among the shareholders or equity holders.

A VIE is an entity in which the Company, or its subsidiary, through contractual arrangements, bears the risks of, and enjoys the rewards normally associated with, ownership of the entity, and therefore the Company or its subsidiary is the primary beneficiary of the entity. In determining whether the Company or its subsidiaries are the primary beneficiary, the Company considered whether it has the power to direct activities that are significant to the VIE's economic performance, and also the Company's obligation to absorb losses of the VIE that could potentially be significant to the VIE or the right to receive benefits from the VIEs that could potentially be significant to the VIEs.

(c) Use of estimates

The preparation of the consolidated financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and related disclosures of contingent assets and liabilities at the balance sheet date, and the reported revenues and expenses during the reported period in the consolidated financial statements and accompanying notes. Significant accounting estimates reflected in the Group's consolidated financial statements primarily include, but are not limited to, the determination of performance obligations and allocation of transaction price to those performance obligations, the determination of the most likely amount of variable considerations, the determination of the estimated total costs to complete a contract, the determination of warranty cost, lower of cost and net realizable value of inventory, losses on purchase commitments relating to inventory, assessment for impairment of long-lived assets and intangible assets, useful lives and residual values of long-lived assets and finite-lived intangible assets, determination of the fair value of derivative liability relating to the contingent consideration in business combination, fair value of assets and liabilities acquired or assumed in business combination, fair value of assets and liabilities acquired or assumed in asset acquisition, recoverability of receivables, valuation of deferred tax assets, determination of share-based compensation expenses, determination of the fair value of debt investments accounted for under the fair value option model as well as subsequent adjustments for equity investments without readily determinable fair values and not accounted for by the equity method.

Management bases the estimates on historical experience and on various other assumptions that are believed to be reasonable, the results of which form the basis for making judgments about the carrying values of assets and liabilities. Actual results could differ from these estimates.

2. Summary of Significant Accounting Policies (continued)

(d) Functional currency and foreign currency translation

The Company uses Renminbi ("RMB") as its reporting currency. The functional currencies of the Company and its subsidiaries which are incorporated in the Cayman Islands, British Virgin Islands, United States, Hong Kong and other regions is United States dollars ("US$") or their respective local currencies, while the functional currencies of the other subsidiaries and VIEs which are incorporated in the PRC are RMB. The determination of the respective functional currency is based on the criteria set out by ASC 830, Foreign Currency Matters.

Transactions denominated in currencies other than in the functional currency are translated into the functional currency using the exchange rates prevailing at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated into functional currency using the applicable exchange rates at the balance sheet date. Non-monetary items that are measured in terms of historical cost in foreign currency are re-measured using the exchange rates at the dates of the initial transactions. Exchange gains or losses arising from foreign currency transactions are included in the consolidated statement of comprehensive loss.

The financial statements of the Group's entities of which the functional currency is not RMB are translated from their respective functional currency into RMB. Assets and liabilities denominated in foreign currencies are translated into RMB at the exchange rates at the balance sheet date. Equity accounts other than earnings generated in current period are translated into RMB at the appropriate historical rates. Income and expense items are translated into RMB using the periodic average exchange rates. The resulting foreign currency translation adjustments are recorded in other comprehensive income or loss in the consolidated statement of comprehensive loss, and the accumulated currency translation adjustments are presented as a component of accumulated other comprehensive income or loss in the consolidated statement of changes in shareholders' equity.

(e) Business combinations and goodwill

The Group accounts for business combinations under ASC 805, Business Combinations. Business combinations are recorded using the acquisition method of accounting, and the transaction consideration of an acquisition is determined based upon the aggregate fair value at the date of exchange of the assets transferred, liabilities incurred, and equity instruments issued, including any consideration contingent upon future events as defined. The costs directly attributable to the acquisition are expensed as incurred. Identifiable assets and liabilities acquired or assumed are measured separately at their fair value as of the acquisition date, irrespective of the extent of any noncontrolling interests.

The excess of the total transaction consideration over the aggregate fair value of the acquired identifiable net assets is recorded as goodwill. If the total transaction consideration is less than the fair values of the net assets of the subsidiaries acquired, the difference is recognized directly in the consolidated statements of comprehensive loss.

Goodwill is not amortized but is tested for impairment annually, or more frequently if events or changes in circumstances indicate that it might be impaired, by performing the quantitative test through comparing each reporting unit's fair value to its carrying value, including goodwill. No impairment provision was made related to the Group's goodwill for the year ended December 31, 2023 and 2024.

2. Summary of Significant Accounting Policies (continued)

(f) Fair value

Fair value is defined as the price that would be received from selling an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. When determining the fair value measurements for assets and liabilities required or permitted to be either recorded or disclosed at fair value, the Group considers the principal or most advantageous market in which it would transact, and it also considers assumptions that market participants would use when pricing the asset or liability.

The Group applies a fair value hierarchy that requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. A financial instrument's categorization within the fair value hierarchy is based upon the lowest level of input that is significant to the fair value measurement. Accounting guidance establishes three levels of inputs that may be used to measure fair value:

Level I — Quoted prices in active markets for identical assets or liabilities.

Level II — Observable, market-based inputs, other than quoted prices, in active markets for identical assets or liabilities.

Level III — Unobservable inputs to the valuation methodology that are significant to the measurement of the fair value of the assets or liabilities.

2. Summary of Significant Accounting Policies (continued)

(f) Fair value (continued)

The fair value guidance describes three main approaches to measure the fair value of assets and liabilities: (1) market approach; (2) income approach and (3) cost approach. The market approach uses prices and other relevant information generated from market transactions involving identical or comparable assets or liabilities. The income approach uses valuation techniques to convert future amounts to a single present value amount. The measurement is based on the value indicated by current market expectations about those future amounts. The cost approach is based on the amount that would currently be required to replace an asset.

When available, the Group uses quoted market prices to determine the fair value of an asset or liability. If quoted market prices are not available, the Group will measure fair value using valuation techniques that use, when possible, current market-based or independently sourced market parameters, such as interest rates and currency rates.

Financial assets and liabilities that are measured at amortized cost primarily consist of cash and cash equivalents, restricted cash, short-term deposits, restricted short-term deposit, short-term investments, accounts and notes receivable, installment payment receivables, long-term deposits, restricted long-term deposits, equity method investments, other assets, accounts and notes payable, short-term borrowings, finance lease liabilities, operating lease liabilities, accruals and other liabilities and long-term borrowings. As of December 31, 2023 and 2024, the carrying values of these financial instruments, except for other non-current assets, non-current portion of long-term deposits, restricted long-term deposit, non-current portion of long-term borrowings, and non-current portion of lease liabilities, approximated their respective fair values due to the short-term maturity of these instruments.

Financial assets and liabilities that are measured at fair value on a recurring basis consist of short-term investments, equity investments with readily determinable fair values, debt investments that are accounted for under the fair value option model and derivative liability.

All of the Group's short-term investments, which are comprised primarily of structured deposits, bank financial products, are classified within Level II of the fair value hierarchy because they are floating income products linked to currency exchange rate, gold market price or benchmark interest rates. These instruments are not valued using quoted market prices, but can be valued based on other observable inputs, such as interest rates and currency rates.

Equity investments with readily determinable fair values (Note 13) are valued using the quoted prices in active markets at the reporting date, which are classified within Level I of the fair value hierarchy.

The Group has debt investments that are accounted for under the fair value option model (Note 13) and a derivative liability relating to certain contingent consideration, which are initially measured at fair value with changes in fair value in the subsequent periods recognized through earnings. Such debt investments and derivative liability are classified within Level III of the fair value hierarchy, as there is little or no observable market data to determine the respective fair values. Under these circumstances, the Group has adopted certain valuation techniques using unobservable inputs to measure their respective fair values.

2. Summary of Significant Accounting Policies (continued)

(g) Cash and cash equivalents

Cash and cash equivalents represent cash on hand, time deposits and highly liquid investments placed with banks or other financial institutions, which are unrestricted as to withdrawal and use, and which have original maturities of three months or less.

Cash and cash equivalents as reported in the consolidated statement of cash flows are presented separately on the consolidated balance sheets as follows:

	As of December 31, 2023		As of December 31, 2024	
	Amount	RMB equivalent	Amount	RMB equivalent
Cash and cash equivalents:				
RMB	13,597,107	13,597,107	15,838,827	15,838,827
US$	1,021,773	7,236,909	345,447	2,483,208
HK$	4,218	3,823	5,839	5,407
Others	not applicable	289,324	not applicable	258,832
Total		21,127,163		18,586,274

As of December 31, 2023 and 2024, substantially all of the Group's cash and cash equivalents were held in reputable financial institutions located in the PRC, Hong Kong and United States.

(h) Restricted cash

Restricted cash primarily represents bank deposits for letters of guarantee, bank notes and others amounted to RMB3,168,578 and RMB3,148,492 as of December 31, 2023 and 2024, respectively. In addition, restricted cash includes certain deposits, amounting to RMB6,308 and RMB4,898 as of December 31, 2023 and 2024, respectively, that are restricted due to legal disputes.

(i) Short-term and long-term deposits

Short-term deposits represent time deposits placed with banks with original maturities between three months and one year. Interest earned is recorded as interest income in the consolidated statement of comprehensive loss during the periods presented. As of December 31, 2023 and 2024, substantially all of the Group's short-term deposits amounting to RMB9,756,979 and RMB12,931,757, respectively, had been placed in reputable financial institutions in the PRC.

Long-term deposits represent time deposits placed with banks with original maturities more than one year. Interest earned is recorded as interest income in the consolidated statement of comprehensive loss during the periods presented. As of December 31, 2023 and 2024, substantially all of the Group's long-term deposits amounting to RMB10,090,341 and RMB4,941,362, respectively, had been placed in reputable financial institutions in the PRC, out of which, RMB7,054,915 and RMB452,326 will be due within one year and are classified to "Long-term deposits, current portion", respectively.

The Group used to report the restricted term deposit on net basis in the consolidated statement of cash flows which should instead be presented on a gross basis under ASC 230. The comparative figures for the year ended December 31, 2023 had been revised to gross present placement and maturities of restricted short-term deposits and placement of restricted long-term deposits, amounting to RMB1,010,000, RMB1,010,000 and RMB580,000, respectively. This revision had no impact on the consolidated balance sheets, consolidated statements of comprehensive loss for the year ended December 31, 2023 nor did it have an impact on total cash flows from operating, investing or financing activities.

2. Summary of Significant Accounting Policies (continued)

(j) Current expected credit losses

The Group's cash and cash equivalents, restricted cash, time deposit in bank, accounts and notes receivable, amounts due from related parties, other current assets, installment payment receivables, and other non-current assets are within the scope of ASC Topic 326. The Group has identified the relevant risk characteristics of its customers and the related receivables, deposit, installment payment receivables and others aforementioned, which include size, types of the services or the products the Group provides, or a combination of these characteristics. Receivables with similar risk characteristics have been grouped into pools. For each pool, the Group considers the historical credit loss experience, current economic conditions and supportable forecasts of future economic conditions in assessing the lifetime expected credit losses. Additionally, external data and macroeconomic factors are also considered. This is assessed at each quarter end based on the Group's specific facts and circumstances. For the years ended December 31, 2022, 2023 and 2024, the Group recorded RMB67,654, RMB70,357 and RMB5,572 in expected credit loss expense in selling, general and administrative expenses, respectively. As of December 31, 2023, the expected credit loss provision recorded in current and non-current assets were RMB76,090 and RMB74,693, respectively. As of December 31, 2024, the expected credit loss provision recorded in current and non-current assets were RMB63,866 and RMB55,932, respectively.

Installment payment receivables primarily consist of the aggregate receivables of the installment payments for vehicles or batteries due from customers. The Group classified its installment payment receivables into different categories from performing to non-performing based on the credit risk of the customers and the past due days, if any, of the principal and/or interest repayments. The lifetime current expected credit losses for the installment payment receivables was determined by applying probability of default and loss given default assumptions to exposures at default, then discounted these cash flows to present value using the original effective interest rate or by an approximation thereof. As of December 31, 2023 and 2024, the majority of the installment payment receivables had been categorized as performing since the customers had a low risk of default, a strong capacity to meet contractual cash flows and had no past due repayments and the amounts of installment payment receivables of non-performing categories were immaterial.

2. Summary of Significant Accounting Policies (continued)

(j) Current expected credit losses (continued)

The Group considers historical credit loss rates for each category of receivables, other current assets and other non-current assets and also considers forward looking macroeconomic data in making its loss accrual determinations. The Group has made specific credit loss provisions on a case-by-case basis for particular aged receivable balances.

The Group's expected credit loss of cash and cash equivalents, restricted cash, time deposit in bank, amounts due from related parties and notes receivable within the scope of ASC Topic 326 were immaterial.

The following table summarizes the activity in the allowance for credit losses related to accounts receivable, other current assets, installment payment receivables and other non-current assets for the years ended December 31, 2022, 2023 and 2024 :

	For the Year Ended December 31, 2022
Balance as of December 31, 2021	67,096
Current period provision	67,654
Write-offs	(13,043)
Balance as of December 31, 2022	121,707

	For the Year Ended December 31, 2023
Balance as of December 31, 2022	121,707
Current period provision	70,357
Write-offs	(41,281)
Balance as of December 31, 2023	150,783

	For the Year Ended December 31, 2024
Balance as of December 31, 2023	150,783
Current period provision	5,572
Write-offs	(36,557)
Balance as of December 31, 2024	119,798

2. Summary of Significant Accounting Policies (continued)

(k) Short-term investments

For investments in financial instruments with a variable interest rate indexed to the performance of underlying assets, the Group elected the fair value method at the date of initial recognition and carried these investments subsequently at fair value. Changes in fair values are reflected as "Interest income" in the consolidated statement of comprehensive loss. The Group's short-term investments in financial instruments were RMB781,216 and RMB751,290 as of December 31, 2023 and 2024, respectively.

(l) Inventory

Inventories are stated at the lower of cost or net realizable value. Cost is calculated on the standard cost basis and includes all costs to acquire and other costs to bring the inventories to their present condition, which approximates actual cost using the monthly weighted average method. The Group records inventory write-downs for excess or obsolete inventories based upon assumptions on current and future demand forecasts. If the inventory on hand is in excess of future demand forecast, the excess amounts are written off. The Group also reviews inventory to determine whether its carrying value exceeds the net amount realizable upon the ultimate sale of the inventory. This requires the determination of the estimated selling price of the vehicles less the estimated cost to convert inventory on hand into a finished product. Once inventory is written down, a new, lower-cost basis for that inventory is established and subsequent changes in facts and circumstances do not result in the restoration or increase in that newly established cost basis.

Inventory write-downs of RMB220,319, RMB1,054,711 and RMB943,734 were recognized in cost of sales for the years ended December 31, 2022, 2023 and 2024, respectively.

(m) Property, plant and equipment, net

Property, plant and equipment are stated at cost less accumulated depreciation and impairment loss, if any. Property, plant and equipment are depreciated primarily using the straight-line method over the estimated useful lives of the assets. Residual value rate is determined to 0% based on the economic value of the property, plant and equipment at the end of the estimated useful lives as a percentage of the original cost.

	Estimated useful lives
Buildings	10 to 20 years
Machinery and equipment	2 to 10 years
Charging infrastructure	3 to 5 years
Vehicles	2 to 5 years
Computer and electronic equipment	2 to 10 years
Leasehold improvements	Shorter of the lease terms or the estimated useful lives
Others	2 to 5 years

2. Summary of Significant Accounting Policies (continued)

(m) Property, plant and equipment, net (continued)

Depreciation for molds and toolings is computed using the units-of-production method whereby capitalized costs are amortized over the total estimated productive units of the related assets.

The cost of maintenance and repairs is expensed as incurred, whereas the cost of renewals and betterment that extends the useful lives of property, plant and equipment is capitalized as additions to the related assets.

Construction in progress represents property, plant and equipment under construction and pending installation and is stated at cost less accumulated impairment losses, if any. Completed assets are transferred to their respective asset classes and depreciation begins when an asset is ready for its intended use. Interest expense on outstanding debt is capitalized during the period of significant capital asset construction. Capitalized interest expense on construction-in-progress is included within property, plant and equipment and is amortized over the life of the related assets.

The gain or loss on the disposal of property, plant and equipment is the difference between the net sales proceeds and the carrying amount of the relevant assets and is recognized in the consolidated statement of comprehensive loss. Losses on the disposal of property, plant and equipment amounting to RMB15,682, RMB4,863 and RMB21,787 were recognized in operating expenses during the years ended December 31, 2022, 2023 and 2024, respectively.

2. Summary of Significant Accounting Policies (continued)

(n) Intangible assets, net

Intangible assets consist of manufacturing license, surveying and mapping qualification, insurance agency qualification, license plate, software, license of maintenance and overhauls, vehicle model technology ("VMT"), vehicle platform technology ("VPT"), robotics platform technology and other intangible assets. Intangible assets with finite lives, including software, license of maintenance and overhaul, VPT, VMT, robotics platform technology and other intangible assets, are carried at acquisition cost less accumulated amortization and impairment, if any. Finite-lived intangible assets are tested for impairment if impairment indicators arise. Amortization of intangible assets with finite lives are computed using the straight-line method over the estimated useful lives as below:

	Estimated useful lives
Software	2 to 10 years
License of maintenance and overhauls	26 months
VPT	10 years
VMT	5 years
Robotics platform technology	10 years
Others	5 to 10 years

The Group estimates the useful life of the software to be 2 to 10 years, VMT to be 5 years, VPT and robotics platform technology to be 10 years, based on the contract terms, expected technical obsolescence and innovations and industry experience of such intangible assets. The Group estimates the useful life of the license of maintenance and overhaul to be 26 months based on the contract terms. The Group estimates the useful life of other intangible assets to be 5 to 10 years, based on the laws and regulations by registration authorities.

The estimated useful lives of intangible assets with finite lives are reassessed if circumstances occur that indicate the original estimated useful lives may have changed.

2. Summary of Significant Accounting Policies (continued)

(n) Intangible assets, net (continued)

Intangible assets that have indefinite useful lives are manufacturing license, surveying and mapping qualification, insurance agency qualification and license plates, as of December 31, 2024. No useful life was determined in the contract terms when the Group acquired the manufacturing license, surveying and mapping qualification, insurance agency qualification and license plates. The Group expects that such intangible assets are unlikely to be terminated and will continue to be renewed as a matter of course based on industry experience, and will continue to contribute revenue in the future. Therefore, the Group considers the useful life of such intangible assets to be indefinite. As of December 31, 2024, the Group completed the associated research and development efforts and a determination related to commercial feasibility of the vehicle model technology under development ("VMTUD") acquired through business combination and estimated the useful life of VMTUD. The VMTUD was transferred into VMT as finite-lived intangible assets aforementioned. Research and development expenditures that were incurred after the acquisition, including those for completing the research and development activities, were expensed as incurred during the year ended December 31, 2024.

The Group evaluates indefinite-lived intangible assets annually as of each balance sheet date to determine whether events and circumstances continue to support indefinite useful lives. The value of indefinite-lived intangible assets is not amortized, but tested for impairment annually or whenever events or changes in circumstances indicate that it is more likely than not that the asset is impaired in accordance with ASC 350. The Group first performs a qualitative assessment to assess all relevant events and circumstances that could affect the significant inputs used to determine the fair value of the indefinite-lived intangible asset. If after performing the qualitative assessment, the Group determines that it is more likely than not that the indefinite-lived intangible asset is impaired, the Company calculates the fair value of the intangible asset and performs the quantitative impairment test by comparing the fair value of the asset with its carrying amount. If the carrying amount of an indefinite-lived intangible asset exceeds its fair value, the Company recognizes an impairment loss in an amount equal to that excess. In consideration of the growing electronic vehicle industry in China, the Group's improving sales performance, the stable macroeconomic conditions in China and the Group's future manufacturing plans, the Company determined that it is not likely that the manufacturing license, surveying and mapping qualification certificate, insurance agency qualification certificate and license plates were impaired as of December 31, 2023 and 2024, respectively. As such, no impairment of indefinite-lived intangible assets was recognized for the years ended December 31, 2022, 2023 and 2024.

(o) Land use rights, net

Land use rights are recorded at cost less accumulated amortization. Amortization is provided on a straight-line basis over the estimated useful lives which are 40 to 50 years that represent the terms of land use rights certificate.

2. Summary of Significant Accounting Policies (continued)

(p) Long-term investments

Equity Method Investments

The Group applies the equity method to account for its equity investments, according to ASC 323 "Investments — Equity Method and Joint Ventures", over which it has significant influence but does not own a controlling financial interest.

Under the equity method, the Group initially records its investments at fair value. The Group subsequently adjusts the carrying amount of the investments to recognize the Group's proportionate share of each equity investee's net income or loss into earnings after the date of investment.

The Group continually reviews its investments in equity method investees to determine whether a decline in fair value below the carrying value is other-than-temporary. The primary factors the Group considers in its determination include current economic and market conditions, the financial condition and operating performance of the equity method investees, and other company specific information.

The Group's long-term investments also include other equity investments, over which the Group has neither significant influence nor control, and debt investments.

Equity Investments with Readily Determinable Fair Values

Equity investments with readily determinable fair values are measured and recorded at fair value using the quoted prices in active markets at the reporting date, which are classified within Level I of the fair value hierarchy.

Equity Investments without Readily Determinable Fair Values

The Group elected to record equity investments without readily determinable fair values using the measurement alternative at cost, less impairment, adjusted for subsequent observable price changes on a nonrecurring basis, and report changes in the carrying value of the equity investments in current earnings. Changes in the carrying value of the equity investments are required to be made whenever there are observable price changes in orderly transactions for the identical or similar investment of the same issuer. The implementation guidance notes that an entity should make a "reasonable effort" to identify price changes that are known or that can reasonably be known.

Debt Investments

The Group elected to account for certain debt investments under the fair value option model including convertible bonds and preferred stock redeemable merely by the passage of time and at the option of the Group as a holder. The fair value option model permits the irrevocable election on an instrument-by-instrument basis at initial recognition or upon an event that gives rise to a new basis of accounting for that instrument. The investments accounted for under the fair value option model are carried at fair value with unrealized gains and losses recorded in the consolidated statement of comprehensive loss. Interest income from debt investments is recognized in earnings using the effective interest method which is reviewed and adjusted periodically based on changes in estimated cash flows.

2. Summary of Significant Accounting Policies (continued)

(q) Impairment of long-lived assets

Long-lived assets are evaluated for impairment whenever events or changes in circumstances (such as a significant adverse change to market conditions that will affect the future use of the assets) indicate that the carrying amount may not be fully recoverable or that the useful life is shorter than the Group had originally estimated. When these events occur, the Group evaluates the impairment by comparing the carrying value of the assets to an estimate of future undiscounted cash flows expected to be generated from the use of the assets and their eventual disposition. If the sum of the expected future undiscounted cash flows is less than the carrying value of the assets, the Group recognizes an impairment loss based on the excess of the carrying value of the assets over the fair value of the assets. Fair value is determined using anticipated cash flows discounted at a rate commensurate with the risk involved.

(r) Warranties

The Group provides a manufacturer's standard warranty on all vehicles sold. The Group accrues a warranty reserve for the vehicles sold by the Group, which includes the Group's best estimate of the future costs to be incurred in order to repair or replace items under warranties and recalls when identified. These estimates were made based on actual claims incurred to date and an estimate of the nature, frequency and magnitude of future claims with reference made to the past claim history. These estimates are inherently uncertain given the Group's relatively short history of sales, and changes to the Group's historical or projected warranty experience may cause material changes to the warranty reserve in the future. The portion of the warranty reserve expected to be incurred within the next 12 months is included within accruals and other liabilities, while the remaining balance is included within other non-current liabilities on the consolidated balance sheets. Warranty expense is recorded as a component of cost of sales in the consolidated statements of comprehensive loss.

The Group does not consider standard warranty as being a separate performance obligation as it is intended to provide greater quality assurance to customers and is not viewed as a distinct obligation. Accordingly, standard warranty is accounted for in accordance with ASC 460, Guarantees. The Group also provides extended lifetime warranty which is sold separately through a vehicle sales contract. The extended lifetime warranty is an incremental service offered to customers and is considered a separate performance obligation distinct from other promises and is accounted for in accordance with ASC 606.

2. Summary of Significant Accounting Policies (continued)

(s) Revenue recognition

Revenue is recognized when or as the control of the goods or services is transferred upon delivery to customers. Depending on the terms of the contract and the laws that apply to the contract, control of the goods and services may be transferred over time or at a point in time. Control of the goods and services is transferred over time if the Group's performance:

- provides all of the benefits received and consumed simultaneously by the customer;
- creates and enhances an asset that the customer controls as the Group performs; or
- does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date.

If control of the goods and services transfers over time, revenue is recognized over the period of the contract by reference to the progress towards complete satisfaction of that performance obligation. Otherwise, revenue is recognized at a point in time when the customer obtains control of the goods and services.

Contracts with customers may include multiple performance obligations. For such arrangements, the Group allocates overall contract price to each distinct performance obligation based on its relative standalone selling price in accordance with ASC 606. The Group generally determines standalone selling prices for each individual distinct performance obligation identified 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, the data utilized, and considering the Group's pricing policies and practices in making pricing decisions. 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 affect the revenue recognition. The discount provided in the contract are allocated by the Group to all performance obligations as conditions under ASC 606-10-32-37 to allocate the discount to one or more, but not all, of the performance obligations are not met.

When either party to a contract has performed, the Group presents the contract in the consolidated balance sheets as a contract asset or a contract liability, depending on the relationship between the entity's performance and the customer's payment.

A contract asset is the Group's right to consideration in exchange for goods and services that the Group has transferred to a customer. A receivable is recorded when the Group has an unconditional right to consideration. A right to consideration is unconditional if only the passage of time is required before payment of that consideration is due.

If a customer pays consideration or the Group has a right to an amount of consideration that is unconditional, before the Group transfers a good or service to the customer, the Group presents the contract liability when the payment is made or a receivable is recorded (whichever is earlier). A contract liability is the Group's obligation to transfer goods or services to a customer for which the Group has received consideration (or an amount of consideration is due) from the customer. The Group's contract liabilities primarily result from the multiple performance obligations identified in the vehicle sales contract, which are recorded as deferred revenue and recognized as revenue based on the consumption of the services or the delivery of the goods.

2. Summary of Significant Accounting Policies (continued)

(s) Revenue recognition (continued)

Vehicle sales

The Group generates revenue from sales of electric vehicles, together with a number of embedded products and services through a contract. There are multiple distinct performance obligations explicitly stated in a sales contract including sales of vehicle, free battery charging within 3 to 6 years, extended lifetime warranty, option between household charging pile and charging card, vehicle internet connection services, services of lifetime free battery charging in XPeng-branded supercharging stations and lifetime warranty of battery, which are defined by the Group's sales policy and accounted for in accordance with ASC 606. The standard warranty provided by the Group is accounted for in accordance with ASC 460, Guarantees, and the estimated costs are recorded as a liability when the Group transfers the control of vehicle to a customer.

Car buyers in the PRC were entitled to government subsidies when they purchase electric vehicles before December 31, 2022. For efficiency purpose and better customer service, the Group or Zhengzhou Haima Automobile Co., Ltd. ("**Haima Auto**"), which collaborated with the Group for manufacturing of G3 from 2018 to 2021, applies for and collect such government subsidies on behalf of the customers. Accordingly, customers only pay the amount after deducting government subsidies. The Group determined that the government subsidies should be considered as part of the transaction price because the subsidy is granted to the buyer of the electric vehicle and the buyer remains liable for such amount in the event the subsidies were not received by the Group due to the buyer's fault such as refusal or delay of providing the relevant application information. The new energy vehicle subsidies policy had expired since January 1, 2023.

In the instance that some eligible customers select to pay by installments for vehicles or batteries under an auto financing program provided to the customers by the Group, such arrangement contains a significant financing component and as a result, the transaction price is adjusted to reflect the impact of time value of the transaction price using an applicable discount rate (i.e. the interest rates of the loan reflecting the credit risk of the borrower). The Group allocates the financing amount to all performance obligations proportionately based on their relative selling prices, as conditions prescribed under ASC 606-10-32-37 are not met.

Receivables related to the vehicle and battery installment payments are recognized as installment payment receivables. The difference between the gross receivable and the respective present value is recorded as unrealized finance income. Interest income resulting from arrangements with a significant financing component is presented as other sales.

The overall contract price of electric vehicle and related products/services is allocated to each distinct performance obligation based on the relative estimated standalone selling price. The revenue for sales of the vehicle and household charging pile is recognized at a point in time, when the control of the vehicle is transferred to the customer and the charging pile is installed at customer's designated location.

2. Summary of Significant Accounting Policies (continued)

(s) Revenue recognition (continued)

Vehicle sales (continued)

For vehicle internet connection service, the Group recognizes the revenue using a straight-line method. For the extended lifetime warranty and lifetime battery warranty, we recognize revenue over time based on a cost-to-cost method. For the free battery charging within 3 to 6 years and charging card to be consumed to exchange for charging services, the Group considers that a measure of progress based on usage best reflects the performance, as it is typically a promise to deliver the underlying service rather than a promise to stand ready. For the services of lifetime free battery charging in XPeng-branded supercharging stations, the Group recognizes the revenue over time based on a straight-line method during the expected useful life of the vehicle.

Initial refundable deposits for intention orders and non-refundable deposits for vehicle reservations received from customers prior to vehicle purchase agreements are signed are recognized as refundable deposits from customers (accruals and other liabilities) and advances from customers (accruals and other liabilities). When vehicle purchase agreements are signed, if the consideration for the vehicle and all embedded services must be paid in advance, which means the payments received are prior to the transfer of goods or services by the Group, the Group records a contract liability (deferred revenue) for the allocated amount relating to those unperformed obligations. At the same time, advances from customers are classified as a contract liability (deferred revenue) as part of the consideration.

XPILOT, the Group's intelligent driving system, provides assisted driving and parking functions tailored for different driving behaviors and road conditions in China. A customer can subscribe for XPILOT by either making a lump sum payment or paying annual installments over a three-year period, or purchasing a vehicle equipped with XPILOT. Revenue related to XPILOT is recognized at a point in time when intelligent driving functionality of XPILOT is delivered and transferred to the customers.

Other services

Other services included services embedded in a sales contract, supercharging service, maintenance service, technical support services, technical research and development services and second-hand vehicle sales service. These services are recognized either over time or point in time, as appropriate, under ASC 606.

The Group licenses a car manufacturer with rights to use its in-house developed platform and technology, and provides technical research and development services to integrate the Group's technology into the car manufacturer's vehicles and platforms.

Before the start of production of the car manufacturer's vehicles ("SOP"), the Group provides technical research and development ("R&D") services, provides license of its owned intellectual property, or transfers its know-how pack to the car manufacturer. The Group concludes that the licensing and know-how pack transfers are bundled with technical R&D services as one single performance obligation, since the customer cannot benefit from the licenses and know-how pack either on its own or together with other resources that are readily available to itself.

The licensing involved in the post-SOP phase primarily represents the right to enable the car manufacturer's vehicles produced and sold with the technology and software developed based on the Group's owned intellectual property. Other promises identified in the post-SOP phase are immaterial in the context of the contract. For those contracts with sales-based royalties, the sales-based royalty revenue is recognized when the car manufacturer's subsequent sales occur.

2. Summary of Significant Accounting Policies (continued)

(s) Revenue recognition (continued)

Other services (continued)

For contracts pursuant to which the Group creates an asset with no alternate use to the Group and has an enforceable right to payment from the car manufacturer for performance completed to date, licenses and technical R&D services revenue is recognized over a period of the contract based on the progress towards completion of the performance obligation using input method, which is measured by reference to the contract costs incurred for the work performed up to the end of the reporting period as a percentage of the total estimated costs to complete the contract. Contract costs contains labor cost, material cost and other direct costs.

Fees entitled by the Group upon or post SOP of the car manufacturer's vehicles are considered as variable consideration as there are binary outcomes regarding the fee entitlement. The Group estimates the amount of variable consideration using the most likely amount method and includes the estimated amount in the transaction price to the extent that it is probable that a significant reversal in the amount of cumulative revenue recognized will not occur when the uncertainty associated with the variable consideration is subsequently resolved. No amount of variable consideration is included in the transaction price in the current reporting period after considering the facts and uncertainties as of the period end. The Group will update its estimate at each reporting date until the uncertainty is resolved.

2. Summary of Significant Accounting Policies (continued)

(s) Revenue recognition (continued)

Practical expedients and exemptions

The Group follows the guidance on immaterial promises when identifying performance obligations in the vehicle sales contracts and concludes that lifetime roadside assistance, traffic ticket inquiry service, courtesy car service, on-site troubleshooting, parts replacement service, extended warranty of 10 years or 200,000 kilometers, basic maintenance service of 6 times in 4 years and others, are not performance obligations considering these services are value-added services to enhance customer experience rather than critical items for vehicle driving and forecasted that usage of these services will be very limited. The Group also performs an estimation on the standalone fair value of each promise applying a cost plus margin approach and concludes that the standalone fair value of foresaid services are insignificant individually and in aggregate, representing less than 1% of vehicle gross selling price and aggregate fair value of each individual promise.

Considering the qualitative assessment and the result of the quantitative estimate, the Group concluded not to assess whether promises are performance obligation if they are immaterial in the context of the contract and the relative standalone fair value individually and in aggregate is less than 1% of the contract price, namely the lifetime roadside assistance, traffic ticket inquiry service, courtesy car service, on-site troubleshooting and parts replacement service and others. Related costs are then accrued instead.

Customer Upgrade Program

In the third quarter of 2019, due to the upgrade of the G3 vehicle from the 2019 version ("**G3 2019**") to its 2020 version ("**G3 2020**"), the Group voluntarily offered all owners of G3 2019 the options to either receive loyalty points, valid for 5 years from the grant date, which can be redeemed for goods or services, or obtain an enhanced trade-in right contingent on a future purchase starting from the 34th month of the original purchase date but only if they purchase a new vehicle from the Group. The owners of G3 2019 had to choose one out of the two options within 30 days after receiving the notice. Anyone who did not make the choice before the date was deemed to forgo the rights to the options. At the time the offers were made, the Group still had unfulfilled performance obligations for services to the owners of G3 2019 associated with their original purchase. The Group considered this offering is to improve the satisfaction of the owners of G3 2019 but not the result of any defects or resolving past claims regarding the G3 2019.

As both options provide a material right (a significant discount on future goods or services) for no consideration to existing customers with unfulfilled performance obligations, the Group considers this arrangement to be a modification of the existing contracts with customers. Further, as the customers did not pay for these additional rights, the contract modification is accounted for as a termination of the original contract and commencement of a new contract, which will be accounted for prospectively. The material right from the loyalty points or the trade-in right shall be considered in the reallocation of the remaining consideration from the original contracts among the promised goods or services not yet transferred at the time of the contract modification. This reallocation is based on the relative standalone selling prices of these goods and services.

2. Summary of Significant Accounting Policies (continued)

(s) Revenue recognition (continued)

Customer Upgrade Program (continued)

For the material right attached with loyalty points, the Group estimated the probability of points redemption when determining the standalone selling price. Due to the fact that most merchandises can be redeemed without requiring a significant amount of points, as compared with the amount of points granted to the customers, the Group believes it is reasonable to assume all points will be redeemed and no forfeiture is estimated currently. The amount allocated to the points as a separate performance obligation is recorded as a contract liability (deferred revenue) and revenue will be recognized when future goods or services are transferred. The Group will continue to monitor forfeiture rate data and will apply and update the estimated forfeiture rate at each reporting period.

According to the terms of the trade-in program, owners of G3 2019 who elected the trade-in right have the option to trade in their G3 2019 at a fixed predetermined percentage of its original G3 2019 purchase price (the **"guaranteed trade-in value**") starting from the 34th month of the original purchase date but only if they purchase a new vehicle from the Group. Such trade-in right is valid for 120 days. That is, if the owner of a G3 2019 does not purchase a new vehicle within that 120-day period, the trade-in right expires. The guaranteed trade-in value will be deducted from the retail selling price of the new vehicle purchase. The customer cannot exercise the trade-in right on a standalone basis solely as a function of their original purchase of the G3 2019 and this program, and therefore, the Group does not believe the substance of the program is a repurchase feature that provides the customer with a unilateral right of return. Rather, the trade-in right and purchase of a new vehicle are linked as part of a single transaction to provide a loyalty discount to existing customers. The Group believes the guaranteed trade-in value will be greater than the expected market value of the G3 2019 at the time the trade-in rights become exercisable, and therefore, the excess value is essentially a sales discount granted on the new vehicle purchase. The Group estimated the potential forfeiture rate based on the market expectation of the possibility of future buying and applied the forfeiture rate when determining the standalone selling price at the date of contract modification. The amount allocated to the trade-in right as a separate performance obligation is recorded as a contract liability (deferred revenue) and revenue will be recognized when the trade-in right is exercised and a new vehicle is purchased. As of December 31, 2022, the trade-in program has been closed. If the owners of G3 2019, who elected the trade-in right, did not sign the trade-in contracts or reach an additional agreement with the Group in 2022, the trade-in right will be expired.

2. Summary of Significant Accounting Policies (continued)

(t) Cost of sales

Vehicle

Cost of vehicle revenue includes direct parts, materials, labor costs and manufacturing overheads (including depreciation and amortization of assets associated with the production) and reserves for estimated warranty expenses. Cost of vehicle revenue also includes charges to write-down the carrying value of the inventories when it exceeds its estimated net realizable value and to provide for on-hand inventories that are either obsolete or in excess of forecasted demand, losses on purchase commitments relating to inventory, and impairment charge of property, plant and equipment.

Services and others

Cost of services and others revenue generally includes cost of direct parts, materials, labor costs, installment costs, costs associated with providing non-warranty after-sales services and depreciation of associated assets used for providing the services.

(u) Research and development expenses

All costs associated with research and development ("R&D") are expensed as incurred. R&D expenses consist primarily of employee compensation for those employees engaged in R&D activities, design and development expenses with new technology, materials and supplies and other R&D related expenses. For the years ended December 31, 2022, 2023 and 2024, R&D expenses were RMB5,214,836, RMB5,276,574 and RMB6,456,734, respectively.

(v) Selling, general and administrative expenses

Sales and marketing expenses consist primarily of employee compensation and marketing, promotional and advertising expenses. Advertising expenses consist primarily of costs for the promotion of corporate image and product marketing. For the years ended December 31, 2022, 2023 and 2024, advertising costs were RMB577,569, RMB413,832 and RMB664,412, respectively, and total sales and marketing expenses were RMB5,028,958, RMB5,013,734 and RMB5,531,599, respectively.

General and administrative expenses consist primarily of employee compensation for employees involved in general corporate functions and those not specifically dedicated to R&D activities, depreciation and amortization expenses, legal, and other professional services fees, lease and other general corporate related expenses. For the years ended December 31, 2022, 2023 and 2024, general and administrative expenses were RMB1,659,288, RMB1,545,208 and RMB1,339,045, respectively.

(w) Employee benefits

Full-time employees of the Group in the PRC participate in a government mandated defined contribution plan, pursuant to which certain pension benefits, work-related injury benefits, maternity insurance, medical care, employee housing fund and other welfare benefits are provided to the employees. Chinese labor regulations require that the PRC subsidiaries and VIEs of the Group make contributions to the government for these benefits based on certain percentages of the employees' salaries, up to a maximum amount specified by the local government. The PRC government is responsible for the medical benefits and the pension liability to be paid to these employees and the Group's obligations are limited to the amounts contributed and no legal obligation beyond the contributions made. There are no forfeited contribution that may be used by the Group as the employer to reduce the existing level of contributions. Total amounts of such employee benefit expenses, which were expensed as incurred, were approximately RMB766,915, RMB750,002 and RMB832,956 for the years ended December 31, 2022, 2023 and 2024, respectively.

2. Summary of Significant Accounting Policies (continued)

(x) Government grants

Government grants relating to interest expense already capitalized are accounted for as a reduction in such a capitalized amount with the subsidy benefit reflected over the related asset useful life through reduced depreciation expense. Government grants relating to interest expense (not capitalized) are initially recognized as other non-current liabilities if the amount is received in advance (of the incurrence of interest expense). Such amounts would then reduce related interest expense when incurred.

Government grants relating to the purchase or construction of property, plant and equipment and intangible assets are accounted for as a reduction in such a capitalized amount with the subsidy benefit reflected over the useful life of related asset through reduced depreciation expenses.

Government grants requiring the performance of certain other business related activities or other required conditions are deferred and recognized in profit or loss when all applicable conditions have been met.

Nonrefundable grants received without further performance or conditions are recognized immediately as other income upon receipt.

(y) Other income, net

For the years ended December 31, 2022, 2023 and 2024, other income, net mainly represents government grants that are recognized upon receipt recognized in profit or loss of RMB109,168, RMB465,588 and RMB589,227, respectively, as further performance by the Group is not required.

(z) Income taxes

Current income taxes are recorded in accordance with the regulations of the relevant tax jurisdiction. The Group accounts for income taxes under the asset and liability method in accordance with ASC 740, Income Tax. Under this method, deferred tax assets and liabilities are recognized for the tax consequences attributable to differences between carrying amounts of existing assets and liabilities in the consolidated financial statements and their respective tax basis, and operating loss carry-forwards. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect on deferred taxes of a change in tax rates is recognized in the consolidated statements of comprehensive loss in the period of change. Valuation allowances are established when necessary to reduce the amount of deferred tax assets if it is considered more likely than not that amount of the deferred tax assets will not be realized.

Uncertain tax positions

The guidance on accounting for uncertainties in income taxes prescribes a more likely than not threshold for financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return. Guidance was also provided on derecognition of income tax assets and liabilities, classification of current and deferred income tax assets and liabilities, accounting for interest and penalties associated with tax positions, accounting for income taxes in interim periods, and income tax disclosures. The Group recognizes interests and penalties, if any, under accrued expenses and other current liabilities on its consolidated balance sheets and under other expenses in its consolidated statements of comprehensive loss. The Group did not recognize any significant interest and penalties associated with uncertain tax positions for the years ended December 31, 2022, 2023 and 2024. As of December 31, 2023 and 2024, the Group did not have any significant unrecognized uncertain tax positions.

2. Summary of Significant Accounting Policies (continued)

(aa) Share-based compensation

The Group grants restricted share units ("RSUs"), restricted shares and share options (collectively, "Share-based Awards") to eligible employees and accounts for share-based compensation in accordance with ASC 718, Compensation—Stock Compensation. Share-based Awards are measured at the grant date fair value of the awards and recognized as expenses using the graded vesting method or straight-line method, net of estimated forfeitures, if any, over the requisite service period. For awards with performance conditions, the Company would recognize compensation cost if and when it concludes that it is probable that the performance condition will be achieved.

The fair value of the RSUs granted prior to the completion of the IPO was assessed using the income approach/discounted cash flow method, with a discount for lack of marketability given that the shares underlying the awards were not publicly traded at the time of grant. This assessment requires complex and subjective judgments regarding the Company's projected financial and operating results, its unique business risks, the liquidity of its ordinary shares and its operating history and prospects at the time the grants were made.

The fair value of the RSUs granted subsequent to the completion of the IPO is estimated based on the fair market value of the underlying ordinary shares of the Company on the date of grant.

The assumptions used in share-based compensation expense recognition represent management's best estimates, but these estimates involve inherent uncertainties and application of management judgment. If factors change or different assumptions are used, the share-based compensation expenses could be materially different for any period. Moreover, the estimates of fair value of the awards are not intended to predict actual future events or the value that ultimately will be realized by grantees who receive Share-based Awards, and subsequent events are not indicative of the reasonableness of the original estimates of fair value made by the Company for accounting purposes.

(ab) Statutory and other reserves

The Group's subsidiaries and the VIEs established in the PRC are required to make appropriations to certain non-distributable reserve funds.

In accordance with the laws applicable to PRC's Foreign Investment Enterprises, the Group's subsidiaries registered as wholly owned foreign enterprises have to make appropriations from its after-tax profit (as determined under the Accounting Standards for Business Enterprises as promulgated by the Ministry of Finance of the People's Republic of China ("PRC GAAP") to reserve funds including general reserve fund, the enterprise expansion fund and staff bonus and welfare fund. The appropriation to the general reserve fund must be at least 10% of the after-tax profits calculated in accordance with PRC GAAP. Appropriation is not required if the reserve fund has reached 50% of the registered capital of the company. Appropriation to the enterprise expansion fund and the staff bonus and welfare fund is at the company's discretion.

In addition, in accordance with the Company Laws of the PRC, the VIEs of the Company registered as PRC domestic companies must make appropriations from its after-tax profit as determined under the PRC GAAP to non-distributable reserve funds including a statutory surplus fund and a discretionary surplus fund. The appropriation to the statutory surplus fund must be at least 10% of the after-tax profits as determined under the PRC GAAP. Appropriation is not required if the surplus fund has reached 50% of the registered capital of the company. Appropriation to the discretionary surplus fund is made at the discretion of the company.

The use of the general reserve fund, the enterprise expansion fund, statutory surplus fund and discretionary surplus fund is restricted to the offsetting of losses or increasing capital of the respective company. The staff bonus and welfare fund is a liability in nature and is restricted to fund payments of special bonus to staff and for the collective welfare of employees. No reserves are allowed to be transferred to the Company in terms of cash dividends, loans or advances, nor can they be distributed except under liquidation.

In accordance with PRC law, manufacturing enterprises have to make appropriations for the safety production reserve, pursuant to the policies promulgated by the Ministry of Finance and the Ministry of Emergency Management of the State.

2. Summary of Significant Accounting Policies (continued)

(ab) Statutory and other reserves (continued)

For the years ended December 31, 2022, 2023 and 2024, appropriations to the general reserve fund and the statutory surplus fund amounted to RMB378, RMB53,610 and RMB34,984, respectively.

(ac) Comprehensive loss

The Group applies ASC 220, Comprehensive Income, with respect to reporting and presentation of comprehensive loss and its components in a full set of financial statements. Comprehensive loss is defined to include all changes in equity of the Group during a period arising from transactions and other events and circumstances except those resulting from investments by shareholders and distributions to shareholders. For the years presented, the Group's comprehensive loss includes net loss and other comprehensive income or loss, which primarily consists of the foreign currency translation adjustment that has been excluded from the determination of net loss.

(ad) Leases

In February 2016, the FASB issued ASC 842, Leases, to require lessees to recognize all leases, with certain exceptions, on the balance sheets,while recognition on the statement of operations will remain similar to lease accounting under ASC 840. Subsequently, the FASB issued ASU No. 2018-10, Codification Improvements to Topic 842, Leases, ASU No. 2018-11, Targeted Improvements, ASU No. 2018-20, Narrow-Scope Improvements for Lessors, and ASU 2019-01, Codification Improvements, to clarify and amend the guidance in ASU No. 2016-02. ASC 842 eliminates real estate-specific provisions and modifies certain aspects of lessor accounting.

(a) As a lessee

The Group early adopted the ASUs as of January 1, 2018 using the cumulative effect adjustment approach. Upon adoption, the Group elected the package of practical expedients permitted under the transition guidance within the new standard, which allowed the Group to carry forward the historical determination of contracts as leases, lease classification and not reassess initial direct costs for historical lease arrangements. In addition, the Group also elected the practical expedient to apply consistently to all of the Group's leases to use hindsight in determining the lease term (that is, when considering lessee options to extend or terminate the lease and to purchase the underlying asset) and in assessing impairment of the Group's right-of-use assets.

The Group recognized lease assets and lease liabilities related to substantially all of the Group's lease arrangements in the consolidated balance sheets. Operating lease assets are included within "Land use rights, net" and "Right-of-use assets, net", and the corresponding operating lease liabilities are included within "Operating lease liabilities, current portion" for the current portion, and within "Operating lease liabilities" for the long-term portion on the consolidated balance sheets as of December 31, 2023 and 2024. Finance lease assets are included within "Property, plant and equipment, net" and the corresponding finance lease liabilities are included within "Finance lease liabilities, current portion" for the current portion, and within "Finance lease liabilities" for the long-term portion on the consolidated balance sheets as of December 31, 2023 and 2024.

The Group has lease agreements with lease and non-lease components, and has elected to utilize the practical expedient to account for the non-lease components together with the associated lease component as a single combined lease component.

2. Summary of Significant Accounting Policies (continued)

(ad) Leases (continued)

(a) As a lessee (continued)

The Group has elected not to present short-term leases on the consolidated balance sheets as these leases have a lease term of 12 months or less at commencement date of the lease and do not include options to purchase or renew that the Group is reasonably certain to exercise. The Group recognizes lease expenses for such short-term lease generally on a straight-line basis over the lease term. All other lease assets and lease liabilities are recognized based on the present value of lease payments over the lease term at commencement date. Because most of the Group's leases do not provide an implicit rate of return, the Group uses the Group's incremental borrowing rate based on the information available at adoption date or lease commencement date in determining the present value of lease payments. The incremental borrowing rate is a hypothetical rate based on the Group's understanding of what its credit rating would be to borrow and resulting interest the Group would pay to borrow an amount equal to the lease payments in a similar economic environment over the lease term on a collateralized basis.

(b) As a lessor

The Group provides vehicle leasing services to customers under operating lease. The Group recognizes the lease payments as vehicle leasing income in profit or loss over the lease term on a straight-line basis.

The vehicle leasing income was immaterial for the years ended December 31, 2022, 2023 and 2024, respectively.

The Group classifies a lease as a sales-type when the lease meets one of the following criteria at lease commencement:

i. The lease transfers ownership of the underlying asset to the lessee by the end of the lease term.

ii. The lease grants the lessee an option to purchase the underlying asset that the lessee is reasonably certain to exercise.

iii. The lease term is for the major part of the remaining economic life of the underlying asset.

iv. The present value of the sum of the lease payments and any residual value guaranteed by the lessee that is not already reflected in the lease payments equals or exceeds substantially all of the fair value of the underlying asset.

v. The underlying asset is of such a specialized nature that it is expected to have no alternative use to the lessor at the end of the lease term.

For a sales-type lease, when collectability is probable at lease commencement, the Group derecognizes the underlying asset, recognizes the net investment in the lease which is the sum of the lease receivable and the unguaranteed residual asset and recognizes in net income any selling profit or loss based on the business model. The net investment in the lease is presented as "Financial lease receivables, net", which is included within "Other current assets" for the current portion, and within "Other non-current assets" for the long-term portion on the consolidated balance sheets as of December 31,2023 and 2024. Finance lease receivables are carried at amortized cost comprising of original financing lease, net of unearned income. Interest income is recognized in financing income over the lease term using the interest method.

The Group provides 15-year lease of factories under sales-type lease. As of December 31, 2023 and 2024, total finance lease receivables is RMB240,023 and RMB231,621.

(ae) Accounts and notes payable

Accounts and notes payable represent the amount due to the suppliers by the Group for the purchase of raw materials. The Group normally receives credit terms of 0 days to 180 days from its suppliers. Accounts payable were RMB13,491,144 and RMB15,181,585 as of December 31, 2023 and 2024, respectively. Notes payable, which were pledged by bank deposits (note 2(h)), were RMB8,719,287 and RMB7,898,896 as of December 31, 2023 and 2024, respectively.

2. Summary of Significant Accounting Policies (continued)

(af) Dividends

Dividends are recognized when declared. No dividend was declared for the years ended December 31, 2022, 2023 and 2024, respectively.

(ag) Earnings (losses) per share

Basic earnings (losses) per share is computed by dividing net income (loss) attributable to holders of ordinary shares, by the weighted average number of ordinary shares outstanding during the period using the two-class method. Under the two-class method, net income is allocated between ordinary shares and other participating securities based on their participating rights. Diluted earnings (losses) per share is calculated by dividing net income (loss) attributable to ordinary shareholders, as adjusted for the effect of dilutive ordinary equivalent shares, if any, by the weighted average number of ordinary and dilutive ordinary equivalent shares outstanding during the period. Ordinary equivalent shares consist of unvested RSUs and contingently issuable shares relating to the contingent consideration. Ordinary equivalent shares are not included in the denominator of the diluted earnings per share calculation when inclusion of such shares would be anti-dilutive.

(ah) Segment reporting

ASC 280, Segment Reporting, establishes standards for companies to report in their financial statements information about operating segments, products, services, geographic areas, and major customers.

Based on the criteria established by ASC 280, the Group's chief operating decision maker ("CODM") has been identified as the Chief Executive Officer, who reviews consolidated revenue and gross profit when making decisions about allocating resources and assessing performance of the Group. As a whole and hence, the Group has only one reportable segment. The Group does not distinguish between markets or segments for internal reporting. As the Group's long-lived assets are substantially located in the PRC and the revenue is mainly generated in the PRC, no segment geographical information is presented.

For the operating results of segment provided to and reviewed by CODM, please refer to the consolidated statements of comprehensive loss.

3. Recent Accounting Pronouncements

Recently issued accounting pronouncements not yet adopted

In December 2023, the FASB issued ASU No. 2023-09, Improvements to Income Tax Disclosures (Topic 740). The ASU requires disaggregated information about a reporting entity's effective tax rate reconciliation as well as additional information on income taxes paid. The ASU is effective on a prospective basis for annual periods beginning after December 15, 2024. Early adoption is also permitted for annual financial statements that have not yet been issued or made available for issuance. This ASU will result in the required additional disclosures being included in the Group's consolidated financial statements, once adopted.

In November 2024, the FASB issued ASU No. 2024-03, Disaggregation of Income Statement Expenses (Subtopic 220-40). The ASU requires the disaggregated disclosure of specific expense categories, including purchases of inventory, employee compensation, depreciation, and amortization, within relevant income statement captions. This ASU also requires disclosure of the total amount of selling expenses along with the definition of selling expenses. The ASU is effective for annual periods beginning after December 15, 2026, and interim periods within fiscal years beginning after December 15, 2027. Adoption of this ASU can either be applied prospectively to consolidated financial statements issued for reporting periods after the effective date of this ASU or retrospectively to any or all prior periods presented in the consolidated financial statements. Early adoption is also permitted. This ASU will result in the required additional disclosures being included in our consolidated financial statements, once adopted. We are currently evaluating the provisions of this ASU.

Recently adopted accounting pronouncements

In November 2023, the Financial Accounting Standards Board ("FASB") issued ASU No. 2023-07, Improvements to Reportable Segment Disclosures (Topic 280). This ASU updates reportable segment disclosure requirements by requiring disclosures of significant reportable segment expenses that are regularly provided to the Chief Operating Decision Maker ("CODM") and included within each reported measure of a segment's profit or loss. This ASU also requires disclosure of the title and position of the individual identified as the CODM and an explanation of how the CODM uses the reported measures of a segment's profit or loss in assessing segment's performance and deciding how to allocate resources. The ASU is effective for annual periods beginning after December 15, 2023, and interim periods within fiscal years beginning after December 15, 2024. We adopted this ASU retrospectively on December 31, 2024. Refer to Note 2(ah), Segment Reporting for the inclusion of the new required disclosures.

4. Concentration and Risks

(a) Concentration of credit risk

Assets that potentially subject the Group to significant concentrations of credit risk primarily consist of cash and cash equivalents, restricted cash, short-term deposits, short-term investments, long-term deposits and restricted long-term deposits. The maximum exposure of such assets to credit risk is their carrying amounts as of the balance sheet dates. As of December 31, 2023 and 2024, substantially all of the Group's cash and cash equivalents, restricted cash, short-term deposits, restricted long-term deposits, short-term investments, long-term deposits and restricted long-term deposits were placed with certain reputable financial institutions in the PRC and overseas. Management chooses these institutions because of their reputations and track records for stability, and their known large cash reserves, and management periodically reviews these institutions' reputations, track records, and reported reserves. Management expects that any additional institutions that the Group uses for its cash and bank deposits would be chosen with similar criteria for soundness. Bank failure is uncommon in the PRC and the Group believes that those Chinese banks that hold the Group's cash and cash equivalents, restricted cash, short-term deposits, restricted long-term deposits, short-term investments, long-term deposits and restricted long-term deposits are financially sound based on publicly available information.

(b) Foreign currency exchange rate risk

The revenues and expenses of the Group's entities in the PRC are generally denominated in RMB and their assets and liabilities are denominated in RMB. The Group's overseas financing activities are denominated in U.S. dollars. The RMB is not freely convertible into foreign currencies. Remittances of foreign currencies into the PRC or remittances of RMB out of the PRC as well as exchange between RMB and foreign currencies require approval by foreign exchange administrative authorities. The State Administration for Foreign Exchange, under the authority of the People's Bank of China, controls the conversion of RMB into other currencies.

5. Business Combination

On August 27, 2023, the Company entered into a share purchase agreement ("SPA") with DiDi Global Inc. ("DiDi") and Da Vinci Auto Co. Limited ("Target HoldCo", a direct and wholly owned subsidiary of DiDi), pursuant to which the Company agreed to acquire and DiDi agreed to cause the Target HoldCo to sell the entire issued share capital of Xiaoju Smart Auto Co. Limited and its wholly-owned subsidiaries ("Xiaoju Group"), which were engaged in certain smart auto business that develops, designs and engineers A class automobile vehicles ("DiDi's smart auto business").

The Group believe that the acquisition of DiDi's smart auto business will increase the Group's brand exposure and customer reach through DiDi's platform, which will in turn result in commercial growth and opportunities in new international markets.

On November 13, 2023, the closing of the acquisition has been completed and the Company acquired an 100% equity interest in Xiaoju Group with a total purchase consideration of RMB3,782,206, after which Xiaoju Group became wholly-owned subsidiaries of the Company.

The following table summarizes the components of the purchase consideration transferred based on the closing price of the Company's common share of US$7.83 per share as of the acquisition date:

	As of acquisition date
Fair value of ordinary shares issued on the acquisition date (i)	3,087,849
Fair value of contingent consideration related to SOP Milestone (ii)	260,546
Fair value of contingent consideration related to Earn-Out Period Milestone (iii)	433,811
Total Consideration	**3,782,206**

(i) The Company issued 58,164,217 Class A ordinary shares to DiDi on the acquisition date. A portion of the fair value for the shares issued, in the amount of, RMB180,696 was attributed to a prepayment for subsequent technical support and advertising services to be provided by DiDi to the Group. Accordingly, this amount was not included in the total consideration of the acquisition.

(ii) SOP Milestone refers to the start of production ("SOP") of the new vehicle model ("Qualified New Model") specified in the SPA for sales and delivery to ordinary customers. The acquisition of DiDi's smart auto business includes a contingent consideration arrangement that requires an additional 4,636,447 Class A ordinary shares to be issued to DiDi if the SOP Milestone is met, which was classified as equity. In estimating the acquisition date fair value of the contingent consideration related to the SOP Milestone, the Company anticipated that the SOP Milestone would be met and the Company will issue these additional 4,636,447 Class A ordinary shares to DiDi upon the date of the SOP. Upon the SOP Milestone being met in July 2024, an additional 4,636,447 Class A ordinary shares was issued and deliveried to DiDi on August 13, 2024.

(iii) The acquisition of DiDi's smart auto business also includes a contingent consideration arrangement that requires additional Class A ordinary shares to be issued to DiDi based on (i) the aggregate delivery volume of the Qualified New Model within the 13-month period immediately following the start of delivery ("First Earn-Out Period") reaching 100,000 at any time during the period, or (ii) the aggregate delivery volume of the Qualified New Model within the 12-month period immediately following the expiry of the First Earn-out Period reaching 100,000 at any time during the period, both of which is defined as "Earn-Out Period Milestone". The range of shares to be issued related to the Earn-Out Period Milestone is between nil and 28,331,126, leading to the range of fair value of the contingent consideration between nil and RMB1,592,071 on the acquisition date. In estimating the acquisition date fair value of the contingent consideration related to the Earn-Out Period Milestone, which is classified as a derivative liability, the Group performed a scenario analysis and determined the fair value based on the total contingent shares to be issued under each scenario, the expected probabilities of each scenario and the closing price of the Company's common share on the acquisition date. As of December 31, 2023, the fair value of the contingent consideration related to the Earn-Out Period Milestone was RMB393,473, with a fair value gain of RMB29,339 recorded in the consolidated statements of comprehensive loss, and the range of fair value of the contingent consideration was between nil and RMB1,463,821 which was mainly due to the change in the Company's stock price. As of December 31, 2024, the fair value of the contingent consideration related to the Earn-Out Period Milestone was RMB167,940, with a fair value gain of RMB234,245 and foreign currency translation adjustment of RMB8,712 recorded in the consolidated statements of comprehensive loss, primarily due to the derecognition of the derivative liability related to the First Earn-Out Period Milestone, and the range of fair value of the contingent consideration was between nil and RMB619,156.

5. Business Combination (continued)

The acquisition was accounted for as a business combination. The Group made estimates and judgements in determining the fair values of the assets acquired and liabilities assumed with the assistance from an independent valuation firm. The consideration was allocated on the acquisition date as follows:

	As of acquisition date
Intangible assets	
- VPT (Note 10)	2,586,911
- VMTUD (Note 10)	609,170
- Software	9,570
Cash and cash equivalents	684,214
Prepayments and other current assets	254,402
Property and equipment, net	113,818
Deferred tax assets	453,125
Other non-current assets	127,256
Accounts and notes payable	(30,473)
Accruals and other liabilities	(255,483)
Deferred tax liabilities	(804,410)
Goodwill	34,106
Total	**3,782,206**

The Group estimated the fair value of acquired VPT using the relief from royalty method. The value is estimated as the present value of the after-tax cost savings at an appropriate discount rate. In terms of the fair value of the acquired VMTUD, which was initially recognized as in-process research and development asset, the multiperiod excess earnings method was used. The value is estimated as the present value of the revenues calculated at an appropriate discount rate. The Group's determination of the fair values of acquired VPT and VMTUD involved the use of estimates and assumptions related to revenues, gross margin, revenue growth rate, royalty rate, and discount rates.

The goodwill was mainly attributable to intangible assets that cannot be recognized separately as identifiable assets under U.S. GAAP, including synergies which result from the assembled work force and the benefits of the strategic partnership with DiDi. None of the goodwill recognized is expected to be deductible for income tax purposes.

Pro forma information of the acquisition

The following unaudited pro forma information summarizes the results of operations for the years ended December 31, 2022 and 2023 of the Group as if the acquisition had occurred on January 1, 2022. The unaudited pro forma information includes: (i) amortization associated with estimates for the acquired intangible assets and corresponding deferred tax asset and liability; (ii) removal of the transaction costs related to the acquisition and (iii) the associated tax impact on these unaudited pro forma adjustments. The following pro forma financial information is presented for informational purpose only and is not necessarily indicative of the results that would have occurred had the acquisition been completed on January 1, 2022, nor is it indicative of future operating results.

	For the year ended December 31,	
	2022	2023
Pro forma net revenues	26,855,119	30,856,674
Pro forma net loss	(12,035,550)	(14,066,681)

Since the acquisition date, Xiaoju Group contributed nil to the Group's consolidated revenue and RMB47,655 to the Group's consolidated net loss for the year ended December 31, 2023, respectively.

6. Fair Value of Financial Instruments

ASC 820, Fair Value Measurements, states that fair value is an exit price, representing the amount that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants. As such, fair value is a market-based measurement that should be determined based on assumptions that market participants would use in pricing an asset or a liability. The three-tiered fair value hierarchy, which prioritizes which inputs should be used in measuring fair value, is comprised of: (Level I) observable inputs such as quoted prices in active markets; (Level II) inputs other than quoted prices in active markets that are observable either directly or indirectly and (Level III) unobservable inputs for which there is little or no market data. The fair value hierarchy requires the use of observable market data when available in determining fair value.

Fair value measurements on a recurring basis

Assets and liability that were measured at fair value on a recurring basis were as follows:

	As of December 31, 2023				As of December 31, 2024			
	Fair Value	Level I	Level II	Level III	Fair Value	Level I	Level II	Level III
Assets								
Short-term investments[(i)] (Note 2(k))	781,216	—	781,216	—	751,290	—	751,290	—
Debt investments[(ii)] (Note 13)	1,228,595	—	—	1,228,595	1,034,204	—	—	1,034,204
Equity investments with readily determinable fair values[(iii)] (Note 13)	104,972	104,972	—	—	78,351	78,351	—	—
	2,114,783	104,972	781,216	1,228,595	1,863,845	78,351	751,290	1,034,204
Liability								
Derivative liability relating to the contingent consideration[(iv)] (Note 5)	393,473	—	—	393,473	167,940	—	—	167,940

6. Fair Value of Financial Instruments (continued)

Fair value measurements on a recurring basis (continued):

(i) Short-term investments are investments in financial instruments with variable interest rates and maturity dates within one year. Fair value of short-term investments is estimated based on the quoted prices of similar financial products provided by banks at the end of each period (Level II).

(ii) Debt investments do not have readily determinable market values and are categorized as Level III in the fair value hierarchy. The Group uses a combination of valuation methodologies, including the equity allocation model, market and income approaches based on the Group's best estimate, which are determined by using information including but not limited to the pricing of recent rounds of financing of the investees, future cash flow forecasts, liquidity factors and multiples of comparable companies. Regarding the reconciliation of the opening balances to the closing balances, with the changes during the period disclosed separately, please refer to Note 13 for details.

(iii) Equity investments with readily determinable fair values are valued using the quoted prices in active markets at the reporting date, which are classified within Level I of the fair value hierarchy.

(iv) Derivative liability relating to the contingent consideration is valued based on (i) the quoted prices in active markets at the reporting date and (ii) an estimation on potential issuance of the Company's ordinary shares relating to the contingent consideration from business combination. The Group classifies the valuation techniques that use these inputs as Level III of fair value measurements. Regarding the reconciliation of the opening balances to the closing balances, with the changes during the period disclosed separately, please refer to Note 5 for details.

Fair value measurements on a non-recurring basis

The Group measures investments without readily determinable fair value (Note 13(i)) on a non-recurring basis when fair value changes can be determined based upon observable and relevant market information. Related adjustments (impairment related) are recorded as appropriate based upon such observable information. An observable price change is usually resulting from new rounds of financing of the investees. The Group determines whether the securities offered in new rounds of financing are similar to the equity securities held by the Group by comparing the rights and obligations of the securities. When the securities offered in new rounds of financing are determined to be similar to the securities held by the Group, it adjusts the observable price of the similar security to determine the amount that should be recorded as an adjustment in the carrying value of the security to reflect the current fair value of the security held by the Group by using the backsolve method based on the equity allocation model with adoption of some key parameters such as risk-free rate, equity volatility, probability of each scenario and dividend yield, which are significant unobservable inputs (Level III).

7. Inventory

Inventory consisted of the following:

	As of December 31,	
	2023	2024
Finished goods	3,661,299	3,898,396
Raw materials	1,834,082	1,634,792
Work-in-process	30,831	29,734
Total	5,526,212	5,562,922

Finished goods primarily consist of vehicles ready for transit at production factory, vehicles in transit to fulfill customer orders, new vehicles available for immediate sale at its delivery and service centers and charging piles.

Raw materials primarily consist of materials for volume production as well as spare parts used for aftersales services.

Work-in-process primarily consist of vehicles in production which will be transferred into production cost when incurred.

For the years ended December 31, 2022, 2023 and 2024, write-downs of inventories to net realizable value, recognized in cost of sales, amounted to RMB220,319, RMB1,054,711 (out of which RMB77,310 was for the excess of dedicated raw materials as a result of the cessation of production of the G3i and upgrades of existing models) and RMB943,734 (out of which RMB35,000 was for the excess of dedicated raw materials as a result of the cessation of production of the P5), respectively. For the impact of accelerated depreciation and loss on purchase commitments due to the cessation of production and upgrades of certain models, please refer to Note 9(iii) and Note 15, respectively.

8. Prepayments and Other Current Assets

Prepayments and other current assets consisted of the following:

	As of December 31,	
	2023	2024
Deductible input value-added tax	1,521,488	2,221,048
Prepayments[(i)]	395,022	383,826
Deposits[(ii)]	125,451	101,590
Receivables from third party online payment service providers	36,939	50,384
Finance lease receivables, current portion, net (Note 18)	11,100	11,388
Others	399,339	367,076
Total	2,489,339	3,135,312

(i) Prepayments primarily consist of prepayments for raw materials, marketing and consulting services provided by suppliers.

(ii) Deposits primarily consist of deposits for short-term leases.

9. Property, Plant and Equipment, Net

Property, plant and equipment, net, consisted of the following:

	As of December 31,	
	2023	2024
Machinery and equipment	4,647,957	4,826,529
Buildings[ii]	4,125,849	4,207,967
Molds and toolings	2,179,681	3,012,412
Construction in process[i]	663,640	1,688,556
Leasehold improvements	695,972	649,574
Vehicles	898,607	615,905
Charging infrastructure	385,832	474,995
Computer and electronic equipment	388,071	425,386
Others	226,905	259,034
Sub-total	14,212,514	16,160,358
Less: Accumulated depreciation[iii]	(3,151,019)	(4,467,049)
Less: Impairment[iv]	(107,010)	(171,446)
Property, plant and equipment, net	10,954,485	11,521,863

The Group recorded depreciation expenses of RMB915,481, RMB1,645,760 and RMB1,571,754 for the years ended December 31, 2022, 2023 and 2024, respectively.

(i) Construction in progress primarily consists of the construction of Guangzhou Xiaopeng technology park, Guangzhou manufacturing plants, molds, toolings, machinery and equipment relating to the manufacturing of the Group's vehicles. For the years ended December 31, 2022, 2023 and 2024, the Group capitalized RMB84,998, RMB107,415 and RMB31,878 of gross interest expenses, respectively. Government grants related to capitalized interest expense were accounted for as a reduction of such amounts capitalized in connection with the construction of the manufacturing plants. The benefits of these grants will be reflected through reduced depreciation charges over the useful lives of these assets. Government grants relating to expensed interest are recognized as a liability if received in advance (of the incurrence of the interest expense). Such amounts, when recognized, will reduce the respective interest expense to which the subsidies relate.

(ii) The Group entered into a lease contract with Guangzhou GET New Energy Technology Co., Ltd. ("Guangzhou GET New Energy") to lease the plant and underlying land use right of Guangzhou manufacturing plant and further had an obligation to purchase the plant and underlying land use right at the construction cost at the end of lease term. On July 1, 2022, the lease commencement date, the lease asset for the plant was recorded with the amount of RMB1,001,820, being the present value of the lease payment and the exercise price of the purchase obligation (Note 18).

9. Property, Plant and Equipment, Net (continued)

Property, plant and equipment, net, consisted of the following (continued):

(iii) For the year ended of December 31, 2023 and 2024, the Company completed an assessment of the estimated units of production of certain molds and toolings and the useful lives of certain production facilities, all of which can only be used for certain vehicle production. The Company's assessment in 2024, which considered the cessation or upgraded of certain vehicle production, indicated that certain production facilities directly used for certain vehicle production will not be used for the period of time originally estimated. As a result, the Company changed its estimates of useful lives for the certain production facilities as well as its estimates of the production volume of certain molds and toolings. These changes in estimates are accounted for on a prospective basis with an acceleration of recorded depreciation expense for impacted production facilities and molds and toolings. The Company recorded an accelerated depreciation expense of RMB295,930 and RMB212,907 related to these changes in estimates for the years ended December 31, 2023 and 2024.

(iv) The accumulated impairment loss was RMB107,010 and RMB171,446 as of December 31, 2023 and 2024, respectively, primarily due to the upgrade of vehicles.

10. Intangible Assets, Net

Intangible assets, net, consisted of the following:

	As of December 31, 2023				As of December 31, 2024			
	Gross Carrying Amount	Accumulated Amortization	Impairment Amount[iv]	Net Carrying Amount	Gross Carrying Amount	Accumulated Amortization	Impairment Amount[iv]	Net Carrying Amount
Finite-lived intangible assets								
VPT[i]	2,586,911	(43,115)	—	2,543,796	2,586,911	(301,806)	—	2,285,105
Robotics platform technology[ii]	777,711	(19,443)	—	758,268	777,711	(97,214)	—	680,497
VMT[i]	—	—	—	—	609,170	(50,764)	—	558,406
Software	542,335	(287,943)	(35,130)	219,262	725,879	(424,821)	(35,130)	265,928
License of maintenance and overhauls	2,290	(2,290)	—	—	2,290	(2,290)	—	—
Others[iii]	12,033	(417)	—	11,616	12,033	(2,143)	—	9,890
Total finite-lived intangible assets	3,921,280	(353,208)	(35,130)	3,532,942	4,713,994	(879,038)	(35,130)	3,799,826
Indefinite-lived intangible assets								
Manufacturing license	494,000	—	—	494,000	494,000	—	—	494,000
Surveying and mapping qualification	250,000	—	—	250,000	250,000	—	—	250,000
VMTUD[i]	609,170	—	—	609,170	—	—	—	—
Others[iii]	62,880	—	—	62,880	66,643	—	—	66,643
Total indefinite-lived intangible assets	1,416,050	—	—	1,416,050	810,643	—	—	810,643
Total intangible assets	5,337,330	(353,208)	(35,130)	4,948,992	5,524,637	(879,038)	(35,130)	4,610,469

The Group recorded amortization expense of RMB65,714, RMB230,501 and RMB537,669 for the years ended December 31, 2022, 2023 and 2024, respectively.

10. Intangible Assets, Net (continued)

Total future amortization expenses for finite-lived intangible assets were estimated as follows:

Within 1 year	549,449
Between 1 and 2 years	520,888
Between 2 and 3 years	507,843
Between 3 and 4 years	499,993
Between 4 and 5 years	436,473
Thereafter	1,285,180
Total	3,799,826

(i) The useful life of VPT acquired in the business combination of Xiaoju Smart Auto Co. Limited and its wholly-owned subsidiaries ("Xiaoju Group") is assessed to be 10 years. The VMTUD acquired through business combination is considered indefinite-lived until the completion of the associated research and development efforts and a determination related to commercial feasibility. As of December 31, 2024, the VMTUD was transferred into VMT as finite-lived intangible assets upon its completion and its estimated useful life is assessed to be 5 years. Research and development expenditures that are incurred after the acquisition, including those for completing the research and development activities, are expensed as incurred. No impairment was recognized for these assets as of December 31, 2023 and 2024.

(ii) Dogotix Inc. ("Dogotix") is primarily engaged in research and development of robots with human-robot interaction functions since 2021. On September 29, 2023, the Group entered into share purchase agreements to acquire 74.82% of the equity interest of Dogotix for a cash consideration of US$98.96 million (approximated to RMB710 million). Upon completion of the acquisition on October 9, 2023, Dogotix became a wholly-owned subsidiary of the Group. The fair value of the 25.18% equity interest in Dogotix previously held by the Group amounted to RMB205 million at the acquisition date. The total consideration amounted to RMB915 million. Substantially all of the fair value of the gross assets (excluding cash and cash equivalents, deferred tax assets, and consideration transferred in excess resulting from the effects of deferred tax liabilities) acquired was concentrated in the robotics platform technology. The acquisition was determined to be an asset acquisition for accounting purposes. The Group accounted for the acquisition of the robotics platform technology as an intangible asset with a total cost of RMB778 million. The useful life of this asset is assessed to be 10 years. No impairment was recognized for the asset as of December 31, 2023 and 2024.

(iii) As of December 31, 2024, other finite-lived intangible assets included trademarks, domain names and patents amounting to RMB2,280, RMB2,026 and RMB5,584, respectively. As of December 31, 2023, other finite-lived intangible assets included trademarks, domain names and patents amounting to RMB2,626, RMB2,554 and RMB6,436, respectively. As of December 31, 2024, other indefinite-lived intangible assets included license plate amounting to RMB44,643 and insurance agency qualification amounting to RMB22,000. As of December 31, 2023, other indefinite-lived intangible assets included license plate amounting to RMB40,880 and insurance agency qualification amounting to RMB22,000.

(iv) Impairment losses of RMB26,418, RMB8,712 and nil were recognized for the years ended December 31, 2022, 2023 and 2024, respectively, primarily due to the phase out of certain software.

11. Land Use Rights, Net

Land use rights and related accumulated amortization consisted of the following:

	As of December 31,	
	2023	2024
Land use rights	2,913,098	2,918,023
Less: Accumulated amortization	(123,731)	(173,599)
Total land use rights, net	2,789,367	2,744,424

For the years ended December 31, 2023 and 2024, the Group acquired land use rights of RMB90,341 and RMB4,925, respectively, to build plants and buildings for its manufacturing of vehicles and daily operation.

The Group entered into a lease contract with Guangzhou GET New Energy to lease the plant and underlying land use right of Guangzhou manufacturing plant and further had an obligation to purchase the plant and underlying land use right at the construction cost at the end of lease term. On July 1, 2022, the lease commencement date, the right of use asset for the land was recorded with the amount of RMB389,508, being the present value of the lease payment and the exercise price of the purchase obligation (Note 18).

The Group recorded amortization expenses for land use rights of RMB50,309, RMB48,828 and RMB49,868 for the years ended December 31, 2022, 2023 and 2024, respectively.

12. Installment Payment Receivables, Net

Installment payment receivables relating to the installment payments for vehicles and batteries from customers consisted of the following:

	As of December 31,	
	2023	2024
Current portion of installment payment receivables, net	1,881,755	2,558,756
Non-current portion of installment payment receivables, net	3,027,795	4,448,416
Total	4,909,550	7,007,172

Installment payment receivables consisted of the following:

	As of December 31,	
	2023	2024
Current portion of installment payment receivables	1,929,463	2,590,645
Non-current portion of installment payment receivables	3,102,488	4,504,348
Allowance for doubtful accounts	(122,401)	(87,821)
Total	4,909,550	7,007,172

The Group recognized interest income resulting from installment payment sales of RMB204,765, RMB278,199 and RMB338,158 for the years ended December 31, 2022, 2023 and 2024, respectively.

12. Installment Payment Receivables, Net (continued)

Payment maturity analysis of installment payment receivables for vehicles and batteries for each of the next five years and a reconciliation of the gross receivables to the present value are as follows:

	As of December 31, 2024
Within 1 year	2,679,103
Between 1 and 2 years	2,203,402
Between 2 and 3 years	1,570,031
Between 3 and 4 years	978,699
Between 4 and 5 years	330,486
Thereafter	206
Total receivables of installment payments	7,761,927
Less: Unrealized finance income	(666,934)
Installment payment receivables, gross	7,094,993
Less: Allowance for installment payment receivables	(87,821)
Installment payment receivables, net	7,007,172

13. Long-term Investments

Long-term investments consisted of the following:

	Equity investments without readily determinable fair values[(i)]	Equity investments with readily determinable fair values[(ii)]	Debt investments[(iii)]	Equity method investments[(iv)]	Total
Balance as of December 31, 2021	**210,354**	**—**	**1,338,822**	**—**	**1,549,176**
Additions	—	191,981	209,451	329,045	730,477
Investment gain(loss)	95,752	(78,282)	7,592	—	25,062
Share of results of equity method investees[(iv)]	—	—	—	4,117	4,117
Changes from equity investment to debt investment[(iii)]	(116,129)	—	116,129	—	—
Disposals (Note 26(3))	—	—	(165,000)	—	(165,000)
Foreign currency translation	1,023	(1,058)	119,137	32,098	151,200
Balance as of December 31, 2022	**191,000**	**112,641**	**1,626,131**	**365,260**	**2,295,032**

	Equity investments without readily determinable fair values[(i)]	Equity investments with readily determinable fair values[(ii)]	Debt investments[(iii)]	Equity method investments[(iv)]	Total
Balance as of December 31, 2022	**191,000**	**112,641**	**1,626,131**	**365,260**	**2,295,032**
Additions	—	—	—	127,018	127,018
Changes from debt investments to equity investments without readily determinable fair values[(i)]	57,832	—	(57,832)	—	—
Investment loss	(50,826)	(7,989)	(165,549)	—	(224,364)
Share of results of equity method investees[(iv)]	—	—	—	54,740	54,740
Transfer[(iii)]	—	—	(204,836)	—	(204,836)
Foreign currency translation	—	320	30,681	6,342	37,343
Balance as of December 31, 2023	**198,006**	**104,972**	**1,228,595**	**553,360**	**2,084,933**

13. Long-term Investments (continued)

Long-term investments consisted of the following (continued):

	Equity investments without readily determinable fair values[(i)]	Equity investments with readily determinable fair values[(ii)]	Debt investments[(iii)]	Equity method investments[(iv)]	Total
Balance as of December 31, 2023	**198,006**	**104,972**	**1,228,595**	**553,360**	**2,084,933**
Additions	—	—	—	144,237	144,237
Investment loss	(24,189)	(27,425)	(210,377)	—	(261,991)
Share of results of equity method investees[(iv)]	—	—	—	(29,069)	(29,069)
Foreign currency translation	—	804	15,986	8,294	25,084
Balance as of December 31, 2024	**173,817**	**78,351**	**1,034,204**	**676,822**	**1,963,194**

13. Long-term Investments (continued)

(i) Equity investments without readily determinable fair values

In December 2021, the Group acquired a minority common equity interest in a company, engaged in manufacturing of batteries for new energy vehicles for a total cash consideration of RMB190,000. The equity interests in common stock do not have readily determinable fair values because the investee is a privately held company. Accordingly, the Group elected to use the measurement alternative under ASC 321 to measure such investment.

In April 2022, the Group acquired a minority preferred equity interest in a company engaged in research, development, production and sales of batteries for new energy vehicles for a total cash consideration of RMB50,000, which were redeemable merely by the passage of time at the option of the Group as a holder. Accordingly, the Group elected to account for this investment under the fair value option model. In May 2023, upon completion of the modification in the investee's shareholding structure, the preferred shares held by the Group were converted into common shares, which do not have readily determinable fair values because the investee is a privately held company. Accordingly, the Group reclassified this investment from debt securities to equity securities at the fair value of RMB57,832 upon the modification, and elected to use the measurement alternative under ASC 321 to measure this investment. The difference in the carrying value and the fair value of this investment immediately before the modification was immaterial.

For equity investments accounted for using the measurement alternative as of December 31, 2023 and 2024, the Company recorded cumulative downward adjustments due to impairments of RMB89,933 and RMB106,805 and cumulative upward adjustments of RMB39,107 and RMB31,790. For these investments, the Company recorded downward adjustments of nil, RMB89,933 and RMB24,189, respectively, and upward adjustments of nil, RMB39,107 and nil, respectively, in earnings during the years ended December 31, 2022, 2023 and 2024.

(ii) Equity investments with readily determinable fair values

In December 2021, the Group prepaid RMB50,000 as a subscription for a minority equity interest in common shares of a company engaged in research, development, production and sales of semiconductors, which was converted into common shares in January 2022.

In October 2022, the Group paid HK$156,982 (equivalent to RMB141,981 as of the injection date) to acquire a minority equity interest in common shares of a company engaged in research, development, production and sales of batteries for new energy vehicles.

The minority equity interests in common shares have readily determinable fair values because the investees are listed companies and the Group does not have the ability to exercise significant influence over these investments. Accordingly, the Group accounted for them at fair value based on the quoted prices in active markets.

13. Long-term Investments (continued)

(iii) Debt investments

Investment in HT Flying Car Inc. ("Huitian")

Huitian is a company incorporated in the Cayman Islands with limited liability and is mainly engaged in research, development, production and sales of flying vehicles. In January 2021, the Group acquired minority preferred equity interests of Huitian ("Huitian's Series Angel preferred shares"), a related party of the Group, for a total consideration of RMB24,551 during Huitian's Angel round of fund raising. The equity interests were not considered to be in-substance common stock as the preferred stock has substantive liquidation preference over the investee's common stock. Huitian's Series Angel preferred shares investment are considered equity securities that do not have readily determinable fair values given that it is a privately held company. Accordingly, upon the acquisition of the minority preferred equity interests of Huitian, the Group elected to use the measurement alternative under ASC 321 to measure such investment.

In October 2021, the Group further invested US$90,000, equivalent to RMB574,146 as of the injection date, into Huitian during Huitian's A round of fund raising. Among this investment, US$70,000 was in form of preferred shares ("Huitian's Series A preferred shares") and US$20,000 was in form of a convertible bond. Concurrently, Huitian's Series Angel preferred shares previously acquired by the Group in January 2021 were modified to align with the terms of the newly invested Huitian's Series A preferred shares. The Group concluded that both Huitian's Series Angel and Series A preferred shares investment are debt securities since Huitian's Series Angel (with now modified terms) and Series A preferred shares held by the Group are redeemable merely by the passage of time and redeemable at the option of the Group.

In anticipation of the change in accounting model applicable to Huitian's Series Angel preferred shares as a result of the modification, the Group opted to change its measurement accounting policy relating to Huitian's Series Angel preferred shares as permitted by ASC 321, and elected to measure the original Huitian's Series Angel preferred shares at fair value immediately before the modification (discussed in the preceding paragraph). The difference of RMB591,506 between the carrying value and the fair value of Huitian's Series Angel preferred shares immediately before the modification was recognized in earnings. The Group then reclassified Huitian's Series Angel preferred shares from equity securities to debt securities upon the modification. The modified Huitian's Series Angel preferred shares investment together with the new Series A preferred shares investment will be measured on an ongoing basis at fair value with changes recognized in earnings. In addition, the convertible bond (acquired in October 2021) held by the Group in Huitian was also accounted for under the fair value option model.

In Decemebr 2024, the convertible bond with a principal amount of US$20,000 and accrued interest amount of US$4,800 have been fully converted into Series A preferred shares in accordance with the relevant agreements.

13. Long-term Investments (continued)

(iii) Debt investments (continued)

Investment in Dogotix

Dogotix is a company incorporated in the Cayman Islands with limited liability and is mainly engaged in research and development of robots with human-robot interaction function. In April 2021, the Group acquired minority preferred equity interests of Dogotix ("Dogotix's Series Angel preferred shares"), a related party of the Group, for a total cash consideration of RMB19,900 during Dogotix's Angel round of fund raising. The equity interests were not considered to be in-substance common stock as the preferred stock has substantive liquidation preference over the investee's common stock.

The investment is considered as equity securities that do not have readily determinable fair values given that it is a privately held company. Accordingly, the Group elected to use the measurement alternative under ASC 321 to measure such investment. In October 2021, the Group acquired Dogotix's convertible bonds in the amount of US$6,440 (equivalent to RMB41,258 as of the injection date) and elected to account for this investment at fair value option model.

In July 2022, the Group further invested US$14,000 (equivalent to RMB94,451 as of the injection date) into Dogotix's preferred shares during its A round of fund raising ("Dogotix's Series A preferred shares"). Concurrently, Dogotix's Series Angel preferred shares previously acquired by the Group in 2021 were modified to align with the terms of the newly invested Dogotix's Series A preferred shares. The Group concluded that both Dogotix's Series Angel and Series A preferred shares investment are debt securities since Dogotix's Series Angel (with now modified terms) and Series A preferred shares held by the Group are redeemable merely by the passage of time and redeemable at the option of the Group. In addition, the convertible bond (acquired in October 2021) held by the Group in Dogotix was converted into Series A preferred shares in July 2022 and accounted for as debt investments under the fair value option model.

In anticipation of the change in accounting model applicable to Dogotix's Series Angel preferred shares as a result of the modification, the Group opted to change its measurement accounting policy relating to Dogotix's Series Angel preferred shares as permitted by ASC 321, and elected to measure the original Dogotix's Series Angel preferred shares at fair value immediately before the modification (discussed in the preceding paragraph). The difference of RMB95,752 between the carrying value and the fair value of Dogotix's Series Angel preferred shares immediately before the modification was recognized in earnings. The Group then reclassified Dogotix's Series Angel preferred shares amounting to RMB116,129 from equity securities to debt securities upon the modification. The modified Dogotix's Series Angel preferred shares investment together with the new Series A preferred shares investment will be measured on an ongoing basis at fair value with changes recognized in earnings.

On October 9, 2023, the Group completed the acquisition of the remaining equity interest in Dogotix and Dogotix became a wholly owned subsidiary of the Group. Upon the completion of the acquisition, the fair value of the previously held equity interest in Dogotix, classified as a debt investment amounting to RMB204,836 was derecognized and Dogotix was consolidated within the Group's financial position and results.

Other principal debt investments

In December 2021, the Group acquired minority preferred equity interests of a company engaged in research, development, production and sales of LiDAR for a total cash consideration of RMB100,000. Subsequently, the Group disposed of this debt investment for a cash consideration of RMB100,000 to a related party in April 2022.

In January 2022, the Group acquired minority preferred equity interests of a company engaged in research, development, production and sales of semiconductors for a total cash consideration of RMB65,000. Subsequently, the Group disposed of this debt investment for a cash consideration of RMB65,000 to a related party in October 2022 .

The preferred shares held by the Group in connection with above each investment are debt securities as they become redeemable merely by the passage of time and are redeemable at the option of the Group as a holder. Accordingly, the Group elected to account for these investments under the fair value option model.

13. Long-term Investments (continued)

(iv) Equity method investments

In March 2022, the Company and other third party investors jointly set up an offshore investment fund ("Fund"), named Rockets Capital L.P., for the purpose of making investments in companies and businesses engaging in high technology sectors. The Company subscribed for a commitment of US$150,000 to the Fund and invested consideration of US$69,965 (equivalent to RMB456,063 as of the injection date) and US$90,055 (equivalent to RMB600,300 as of the injection date) into the Fund as of December 31, 2023 and 2024, respectively. The Company held a 60.7% financial interests in the Fund as a limited partner while the other 39.3% financial interests were held by other third party investors as of December 31, 2023 and 2024.

Based on the Company's assessment under ASC 810-10-15-14, the investment fund (a limited partnership) is considered to be a VIE for accounting purposes. The Company is not considered the primary beneficiary of the investment due to the fact that the Company does not possess the power to direct activities of the Fund that would mostly impact its economics performance. As a result, the Company accounts for its 60.7% financial interests in the Fund using the equity method of accounting pursuant to ASC 323-30 considering that the Company has significant influence over the operating and investing activities of the Fund.

14. Other Non-current Assets

Other non-current assets consisted of the following:

	As of December 31,	
	2023	2024
Finance lease receivables, non - current portion, net (Note 18)	205,118	204,435
Deposits[(i)]	120,354	112,523
Non-current portion of prepayments for advertising and technical support services (Note 5)	87,656	36,850
Goodwill(Note 5)	34,106	34,106
Prepayments for purchase of property and equipment	118,945	5,649
Others	9,971	49,720
Total	576,150	443,283

(i) Deposits primarily consist of deposits for offices and retail and service centers whose lease expiration dates are not within one year.

15. Accruals and Other Liabilities

Accruals and other liabilities consisted of the following:

	As of December 31,	
	2023	2024
Payables for purchase of property, plant and equipment	1,723,130	1,799,882
Employee compensation payables	939,023	1,186,036
Payables for R&D expenses	1,085,353	1,069,926
Accrued expenses	598,423	958,607
Accrued cost of purchase commitments[(i)]	285,519	621,419
Deposits from third parties	501,197	549,487
Payables for marketing events	368,163	447,839
Tax payables	350,263	435,564
Warranty provisions	219,988	389,290
Advance from customers	100,281	376,897
Refundable deposit from customers	61,717	172,762
Interest payables	44,526	41,093
Debt from a third party investor(Note 17(i))	541,918	—
Others	760,694	601,834
Total	7,580,195	8,650,636

Accrued expenses primarily included receipts of goods and services that the Group had not been invoiced yet.

(i) For the year ended December 31, 2023, due to the cessation and upgrade of certain models, the Group recorded the loss on purchase commitments mainly for raw materials that were specifically related to these models with amount of RMB285,519 in cost of sales. For the year ended December 31, 2024, due to the cessation and upgrade of certain models, the Group recorded the loss on purchase commitments mainly for raw materials that were specifically related to this model with amount of RMB401,743 in cost of sales.

16. Borrowings

Borrowings consisted of the following:

	As of December 31,	
	2023	2024
Current		
Short-term borrowings:		
Bank loans[(i)]	3,889,100	4,609,123
Long-term borrowings, current portion:		
Bank loans[(ii)]	934,976	1,188,998
Asset-backed securities[(iii)]	185,864	587,470
Asset-backed notes[(iv)]	242,995	82,145
Total current borrowings	5,252,935	6,467,736
Non-Current		
Long-term borrowings:		
Bank loans[(ii)]	5,562,837	5,431,711
Asset-backed securities[(iii)]	—	232,807
Asset-backed notes[(iv)]	87,945	—
Total non-current borrowings	5,650,782	5,664,518
Total borrowings	10,903,717	12,132,254

(i) Short-term bank loans

As of December 31, 2023, short-term borrowings from banks in the PRC amounted to RMB3,889,100 in aggregate. The effective interest rate of these borrowings was 2.62% per annum. As of December 31, 2024, the Group's short-term borrowings from banks in the PRC amounted to RMB4,609,123 in aggregate. The effective interest rate of these borrowings was 2.24% per annum. Certain short-term bank loans were collateralized by pledges of long-term deposits with carrying values of RMB203,777 and nil, as of December 31, 2023 and December 31, 2024, respectively, which are classified as "Restricted long-term deposits".

16. Borrowings (continued)

(ii) Long-term bank loans:

		As of December 31, 2023				As of December 31, 2024			
Ref.	Company	Outstanding loan	Current portion according to the repayment schedule	Long-term portion	Effective interest rate	Outstanding loan	Current portion according to the repayment schedule	Long-term portion	Effective interest rate
1	Zhaoqing XPeng	2,174,200	681,400	1,492,800	3.84%	1,491,800	234,800	1,257,000	4.05%
2	Zhaoqing Xiaopeng New Energy	1,253,125	124,300	1,128,825	3.06%	1,241,825	743,325	498,500	3.04%
3	Guangzhou Xiaopeng Automobile Finance Leasing Co., Ltd.	175,000	17,500	157,500	3.80%	157,500	17,500	140,000	3.80%
4	Xiaopeng Technology	—	—	—	—	500,000	2,000	498,000	2.35%
5	Wuhan Xiaopeng	2,035,520	101,776	1,933,744	4.47%	2,077,006	174,906	1,902,100	3.81%
6	Guangzhou Pengyue Automobile Development Co., Ltd.	21,110	—	21,110	3.75%	323,720	6,467	317,253	3.43%
7	Guangzhou Xiaopeng New Energy Automobile Co., Ltd.	838,858	10,000	828,858	4.99%	828,858	10,000	818,858	4.56%
	TOTAL	**6,497,813**	**934,976**	**5,562,837**	—	**6,620,709**	**1,188,998**	**5,431,711**	—

As of December 31, 2023, the Group obtained secured borrowings from several banks of RMB6,497,813 in aggregate. The maturity dates ranged from November 2024 to November 2033. As of December 31, 2024, the Group obtained secured borrowings from several banks of RMB6,620,709 in aggregate. The maturity dates ranged from January 2025 to November 2033.

Moreover, the Group received subsidies from the local government for interest expenses incurred associated with the borrowings. As of December 31, 2023 and 2024, the aggregate sum of loans receiving government - subsidized interest amounts to RMB3,650,378 and RMB3,673,864, respectively. For the years ended December 31, 2022, 2023 and 2024, upon the acceptance of subsidy application by the local government, the Group recognized the subsidies to reduce the interest expenses capitalized in the construction costs of Zhaoqing manufacturing plant, Guangzhou manufacturing plant and Wuhan manufacturing base, or to reduce the related interest expenses as incurred, if any.

Certain of the Group's banking facilities are subject to the fulfillment of certain financial covenants, including the current ratio and liabilities to assets ratio tests, which are commonly found in lending arrangements with financial institutions. If the Group were to breach the covenants, the drawn down facilities would become payable on demand. The Group regularly monitors its compliance with these covenants. As of December 31, 2023 and 2024, none of the covenants relating to drawn down facilities had been breached. Certain long-term bank loans are collateralized by a pledge of certain buildings and land use rights in the PRC with carrying values of RMB2,280,419 and RMB3,287,759 as of December 31, 2023 and 2024, respectively. As of December 31, 2023 and 2024, long-term deposits of RMB564,122 and RMB1,138,479 were collateralized as pledges for certain long-term bank loans, which are classified as "Restricted long-term deposits".

16. Borrowings (continued)

(iii) Asset-backed securities ("ABS")

In November 2022, March 2024 and October 2024, the Group entered into asset-backed securitization arrangements with third-party financial institutions and set up three securitization vehicles to issue senior debt securities to third party investors, which are collateralized by installment payment receivables (the "transferred financial assets"). The Group also acts as a servicer to provide management, administration and collection services on the transferred financial assets and has the power to direct the activities that most significantly impact the securitization vehicles. The economic interests are retained by the Group in the form of subordinated interests as well as its obligation to absorb losses under certain circumstances. As a result, the Group consolidated the securitization vehicles. The proceeds from the issuance of debt securities are reported as securitization debt. The securities will be repaid as collections on the underlying collateralized assets occur and the amounts were included in "Long-term borrowings, current portion" or "Long-term borrowings" according to the contractual maturities of the debt securities. As of December 31, 2023, the balance of current and non-current portion of the ABS were RMB185,864 and nil, respectively. As of December 31, 2024, the balance of current and non-current portion of the ABS were RMB587,470 and RMB232,807, respectively.

(iv) Asset-backed notes ("ABN")

In August 2023, the Group entered into asset-backed notes by issuing senior debt notes to third party investors, which are collateralized by installment payment receivables. The Group also acts as a servicer to provide management, administration and collection services on the transferred financial assets and has the power to direct the activities that most significantly impact the securitization vehicles. The economic interests are retained by the Group in the form of subordinated interests as well as its obligation to absorb losses under certain circumstances. As a result, the Group consolidated the securitization vehicles. The proceeds from the issuance of debt notes are reported as securitization debt. The notes will be repaid as collections on the underlying collateralized assets occur and the amounts were included in "Long- term borrowings, current portion" or "Long-term borrowings" according to the contractual maturities. As of December 31, 2023, the balance of current and non-current portion of the ABN were RMB242,995 and RMB87,945, respectively. As of December 31, 2024, the balance of current and non-current portion of the ABN were RMB82,145 and nil, respectively.

The aggregate carrying value of the borrowings approximates fair value as of December 31, 2023 and 2024, respectively. The interest rates under the loan agreements with the banks were determined based on the prevailing interest rates in the market. The Group classifies the valuation techniques that use these inputs as Level II.

17. Other Non-Current Liabilities

Other non-current liabilities consisted of the following:

	As of December 31,	
	2023	2024
Debt from third party investors[(i)]	1,276,145	1,316,206
Warranty provisions[(ii)]	789,005	809,437
Deposits from a third party[(iii)]	148,991	118,310
Government grants	122,513	201,823
Total	2,336,654	2,445,776

(i) The debt from third party investors consisted of the following three financing arrangements:

1 Financing in an amount of RMB160 million from Guangzhou GET Investment Holdings Co., Ltd. ("Guangzhou GET Investment")

In December 2020, Chengxing and Guangzhou Xiaopeng Automotive Investment Co., Ltd. ("Guangzhou Xiaopeng Investment"), subsidiaries of the Group, entered into a partnership agreement with Guangzhou GET Investment to set up a limited liability partnership entity (the "Kunpeng Chuangye LLP") whose operating period is designed for 9 years since the date of the registration of its business license. Chengxing, Guangzhou Xiaopeng Investment and Guangzhou GET Investment subscribed for RMB200,000, RMB10 and RMB160,000 paid in capital in Kunpeng Chuangye LLP in return for 55.5540%, 0.0028% and 44.4432% of the equity interests, respectively. The consideration of RMB160 million was paid by Guangzhou GET Investment to Kunpeng Chuangye LLP in January 2021. Pursuant to the investment agreement, Guangzhou GET Investment does not have substantive participating rights in Kunpeng Chuangye LLP nor it is able to transfer their interest in Kunpeng Chuangye LLP to other third party. During the 9-year operating period of Kunpeng Chuangye LLP, Guangzhou GET Investment is only entitled to interest calculated at an interest rate of 4% per annum based on its investment amount of RMB160,000 in Kunpeng Chuangye LLP. Upon liquidation, if any, at any time within 9 years or at the due date of the 9-year operating period, Guangzhou GET Investment will be entitled to and only entitled to its investment amount amounting to RMB160,000. If Kunpeng Chuangye LLP failed to pay the investment amount of RMB160,000 or the interest calculated at an interest rate of 4% per annum to Guangzhou GET Investment, Chengxing, also guaranteed by Xiaopeng Technology, will be liable for the unpaid amounts. Based on these arrangements, the Group consolidates Kunpeng Chuangye LLP via its subsidiaries Chengxing and Guangzhou Xiaopeng Investment. The Group regards the investment held by Guangzhou GET Investment as a liability with interest expenses amortized through the period given the risks and rewards of owning 44.4432% of equity interests in Kunpeng Chuangye LLP have been retained by the Group and the substance of the transaction is that Guangzhou GET Investment is providing financing to the Group via Kunpeng Chuangye LLP.

17. Other Non-Current Liabilities (continued)

(i) The debt from third party investors consisted of the following three financing arrangements (continued):

1) Financing in an amount of RMB160 million from Guangzhou GET Investment Holdings Co., Ltd. ("Guangzhou GET Investment") (continued):

The interest payable, amounted to RMB6,233 and RMB6,233 as of December 31, 2023 and 2024, respectively, for the investment held by Guangzhou GET Investment was calculated at an interest rate of 4% per annum. The interest of RMB6,400 and RMB6,400 was repaid to Guangzhou GET Investment by the Group for the years ended December 31, 2023 and 2024, respectively.

2) Financing in an amount of RMB500 million from Guangdong Yuecai Industry Investment Fund Partnership (Limited Partnership) ("Guangdong Utrust")

Pursuant to the share purchase agreement, dated March 12, 2021, signed among Chengxing, Chengxing's shareholders (i.e. Guangdong Xiaopeng Motors Technology Co., Ltd. and Guangdong Xiaopeng Automobile Industry Holdings Co., Ltd., both of which are wholly owned subsidiaries of the Company) and Guangdong Utrust, Guangdong Utrust subscribed for common stock newly issued by Chengxing at a consideration of RMB500 million. Immediately after the share subscription, Guangdong Utrust began to hold 0.3067% of equity interest in Chengxing. The consideration of RMB500 million was paid by Guangdong Utrust on March 16, 2021 ("Initial Capital Injection Date of Guangdong Utrust"). Pursuant to the terms of the investment agreement, conditional upon any entity affiliated with Chengxing being granted a public offering approval by any stock exchange ("Relevant Listing Approval") within 3 years after the Initial Capital Injection Date of Guangdong Utrust, Guangdong Utrust is entitled to request Guangdong Xiaopeng Motors Technology Co., Ltd. to purchase the shares of Chengxing held by it for cash, such that it could choose to use any part of the relevant funds, subject to the consent of Guangdong Xiaopeng Motors Technology Co., Ltd., to participate in the international placing tranche of such public offering. Under the share purchase agreement, no guaranteed allocation of such public offering shares will be granted to Guangdong Utrust. The amount to be paid by Guangdong Xiaopeng Motors Technology Co., Ltd. for such purchase is to be calculated with reference to the consideration paid by Guangdong Utrust, i.e. RMB500 million and an interest at a rate of 6% or 3% per annum which may apply to the entire RMB500 million, or a portion thereof, pursuant to the terms of the share purchase agreement. Upon the third anniversary of the Initial Capital Injection Date of Guangdong Utrust, if Guangdong Utrust, Guangdong Xiaopeng Motors Technology Co., Ltd. and Chengxing fail to reach an agreement on the terms of such public offering arrangement or no relevant entity has obtained the Relevant Listing Approval, Guangdong Xiaopeng Motors Technology Co., Ltd. is entitled to request Guangdong Utrust to sell, or Guangdong Utrust is entitled to request Guangdong Xiaopeng Motors Technology Co., Ltd. to purchase, the common stock in Chengxing held by Guangdong Utrust at a price of RMB500 million plus interest calculated at an interest rate of 3% per annum.

17. Other Non-Current Liabilities (continued)

(i) The debt from third party investors consisted of the following three financing arrangements (continued):

2) Financing in an amount of RMB500 million from Guangdong Yuecai Industry Investment Fund Partnership (Limited Partnership) ("Guangdong Utrust") (continued)

In addition, pursuant to the terms of the arrangement, Guangdong Utrust does not have substantive participating rights in Chengxing. The Group regards the investment held by Guangdong Utrust as a liability with interest expenses amortized through the period as the risks and rewards of owning the 0.3067% of equity interest in Chengxing have been retained by the Group and the substance of the transaction is that Guangdong Utrust is providing financing to Chengxing.

On June 11, 2021, Guangdong Utrust notified Chengxing that it irrevocably undertakes not to exercise the rights under the share purchase agreement to request Guangdong Xiaopeng Motors Technology Co., Ltd. to purchase the shares of Chengxing held by it in connection with the proposed listing of the Company on the Stock Exchange.

As of December 31, 2024, the principal amount of RMB500,000 and interest of RMB48,238 have been paid as scheduled.

3) Financing in an amount of RMB1,000 million from Guangzhou GET Investment

Pursuant to the share purchase agreement, dated March 30, 2021, signed among Chengxing, Chengxing's shareholders and Guangzhou GET Investment, Guangzhou GET Investment subscribed for common stock newly issued by Chengxing at a consideration of RMB1,000 million. Immediately after the share subscription, Guangzhou GET Investment began to hold 1.0640% of equity interest in Chengxing. The consideration of RMB1,000 million was paid by Guangzhou GET Investment on March 31, 2021 ("Initial Capital Injection Date of Guangzhou GET Investment"). Pursuant to the terms of the agreement, conditional upon the disclosure of any plan of any potential onshore listing by any entity affiliated with Chengxing on any stock exchange in the PRC within 5 years after the Initial Capital Injection Date of Guangzhou GET Investment, Guangzhou GET Investment is entitled to request Guangdong Xiaopeng Motors Technology Co., Ltd. to purchase the shares of Chengxing held by it for cash, such that it could use the relevant funds to participate in such potential onshore public offering. Under the share purchase agreement, no guaranteed allocation of such public offering shares will be granted to Guangzhou GET Investment. The amount to be paid by Guangdong Xiaopeng Motors Technology Co., Ltd. for such purchase is to be calculated with reference to the consideration paid by Guangzhou GET Investment, i.e. RMB1,000 million and an interest at a rate of 4% or 6% per annum pursuant to the terms of the share purchase agreement. Upon the fifth anniversary of the Initial Capital Injection Date of Guangzhou GET Investment, if Guangzhou GET Investment, Guangdong Xiaopeng Motors Technology Co., Ltd. and Chengxing fail to reach an agreement on the terms of such potential onshore listing in the PRC, or such relevant entity cannot successfully become listed in the PRC, Guangdong Xiaopeng Motors Technology Co., Ltd. is entitled to request Guangzhou GET Investment to sell, or Guangzhou GET Investment is entitled to request Guangdong Xiaopeng Motors Technology Co., Ltd. to purchase, the common stock in Chengxing held by Guangzhou GET Investment at a price of RMB1,000 million plus interest calculated at the rate of 4% per annum. In addition, pursuant to the terms of the arrangement, Guangzhou GET Investment does not have substantive participating rights in Chengxing. The Group regards the investment held by Guangzhou GET Investment as a liability with interest expenses amortized through the period as the risks and rewards of owning the 1.0640% of equity interest in Chengxing have been retained by the Group and the substance of the transaction is that Guangzhou GET Investment is providing financing to Chengxing.

The interest payable for the investment by Guangzhou GET Investment,amounted to RMB109,912 and RMB149,973 as of December 31, 2023 and 2024, respectively, was calculated at an interest rate of 4% per annum.

17. Other Non-Current Liabilities (continued)

(ii) Movement of accrued warranty is as following:

	For the Year Ended December 31,		
	2022	2023	2024
Accrued warranty - beginning of the year	371,140	641,062	1,008,993
Warranty costs incurred	(61,551)	(228,674)	(208,691)
Provision for warranty	331,473	596,605	597,465
Adjustments to pre-existing warranty liabilities	—	—	(199,040)
Accrued warranty - end of the year	641,062	1,008,993	1,198,727
Less: Current portion of warranty	(216,260)	(219,988)	(389,290)
Non-current portion of warranty	424,802	789,005	809,437

The Group reviews historically incurred warranty cost periodically and updates the estimates of future warranty cost. As a result, the Group reversed the pre-existing warranty liabilities of nil, nil and RMB199,040 for the years ended December 31, 2022, 2023 and 2024, respectively.

(iii) Deposits from a third party represent the refundable deposit for the finance lease cooperation in which the Group serves as the lessor (Note 18).

18. Leases

As a lessee

The Group has entered into various operating lease agreements for certain land use rights, offices, retail and service centers, warehouses for finished goods, parking areas for charging infrastructure, and factories for R&D activities which are substantially located in PRC. In 2022, the Group also entered into a finance lease agreement for the Guangzhou manufacturing plant. The Group determines if an arrangement is a lease, or contains a lease, at inception and the group records the leases in the consolidated financial statements upon lease commencement, which is the date when the lessor makes the underlying asset available for use by the lessee.

The Group's leases, where the Group is the lessee, may include options to extend the lease term and options to terminate the lease prior to the end of the agreed upon lease term. For purposes of calculating lease liabilities, lease terms include options to extend or terminate the lease when it is reasonably certain that the Group will exercise such options.

The Group entered into a cooperation agreement and supplementary agreements (collectively **"Guangzhou Cooperation Agreements"**) in September 2020 and June 2021 for the establishment of the Group's Guangzhou manufacturing plant with Guangzhou GET Investment and Guangzhou GET New Energy. Pursuant to Guangzhou Cooperation Agreement, the Group intends to construct a new Smart EV manufacturing base which houses a broad range of functions, including research and development, manufacturing, vehicle testing and sales.

The Group entered into a lease contract with Guangzhou GET New Energy to lease the plant and underlying land use right of Guangzhou manufacturing plant with an annual lease payment of RMB57,900 from July 2022 to June 2029, and further obtained an obligation to purchase the plant and underlying land use right at the construction cost of RMB1,300,000 at the end of lease term. Further construction cost amounting to RMB30,670 will be paid subsequently according to the payment schedule. The lease payment made before the lease commencement date was RMB60,443. The initial direct cost made and the incentive received on or before the lease commencement date were immaterial.

The lease of the land use right or a purchased land use right can only be classified as an operating lease under U.S. GAAP. As the Group has an obligation to purchase the plant at cost and the assets are designed for the use of the Group, so the obligation is reasonably certain to be exercised, and accordingly, the lease of the plant was classified as a finance lease and recognized as property, plant and equipment of the Group. Therefore, on the lease commencement date, the land use right and property, plant and equipment for the plant amounted to RMB389,508 and RMB1,001,820, respectively, being the present value of the lease payment and the exercise price of the purchase obligation.

The balances for the leases where the Group is the lessee are presented as follows within the consolidated balance sheets:

	As of December 31,	
	2023	2024
Operating lease		
Land use rights, net	401,901	410,388
Right-of-use assets, net	1,455,865	1,261,663
Total operating lease assets	**1,857,766**	**1,672,051**
Operating lease liabilities - current	365,999	324,496
Operating lease liabilities - non current	1,490,882	1,345,852
Total operating lease liabilities	**1,856,881**	**1,670,348**

18. Leases (continued)

As a lessee (continued)

	As of December 31,	
	2023	2024
Finance lease		
Property, plant and equipment, at cost	1,001,820	1,001,820
Accumulated depreciation	(75,137)	(125,228)
Property, plant and equipment, net	926,683	876,592
Finance lease liabilities - current	34,382	41,940
Finance lease liabilities - non current	777,697	777,697
Total finance lease liabilities	812,079	819,637

The components of lease expense are as follows within the consolidated statements of comprehensive loss:

	For the Year Ended December 31,		
	2022	2023	2024
Operating lease expense:			
Operating lease expense	595,032	540,688	426,998
Short-term lease expense	265,800	231,467	259,129
Total operating lease expenses	**860,832**	**772,155**	**686,127**
Finance lease expense:			
Amortization expense	25,046	50,091	50,091
Interest expense	22,846	40,205	39,325
Total finance lease expenses	**47,892**	**90,296**	**89,416**
Total lease expenses	**908,724**	**862,451**	**775,543**

Short-term leases primarily consist of the parking areas and pop-up stores leases with a term of 12 months or less.

Amortization expense of finance lease, operating lease expense and short-term lease expense are recognized as cost of sales, selling, general and administrative expenses and research and development expenses.

Interest expense on finance lease liabilities is recognized over the lease term as “Interest expenses”.

18. Leases (continued)

As a lessee (continued)

Other information related to operating leases where the Group is the lessee is as follows:

	For the Year Ended December 31,		
	2022	2023	2024
Weighted-average remaining lease term			
Operating leases	5.1 years	4.6 years	4.3 years
Finance leases	6.6 years	5.6 years	4.6 years
Land use rights	49.5 years	49.0 years	48.0 years
Weighted-average discount rate			
Operating leases	4.78%	4.85%	4.85%
Finance leases	4.90%	4.90%	4.90%
Land use rights	4.90%	4.90%	4.90%

Because most of the leases do not provide an implicit rate of return, the Group used the incremental borrowing rate based on the information available at lease commencement date in determining the present value of lease payments. The Group elected to use the mortgage borrowing rate based on a similar borrowing term and amount with associated lease.

18. Leases (continued)

As a lessee (continued)

Supplemental cash flow information related to leases where the Group is the lessee is as follows:

	For the Year Ended December 31,		
	2022	2023	2024
Cash paid for amounts included in the measurement of lease liabilities:			
Operating cash outflows from operating leases	486,260	268,290	456,697
Operating cash outflows from finance leases (interest payments)	22,846	40,205	—
Financing cash outflows from finance leases	15,355	113,943	31,767
Leased assets obtained in exchange for operating lease liabilities	1,162,151	(316,558)	186,698
Leased assets obtained in exchange for finance lease liabilities	1,001,820	—	—

As of December 31, 2024, the maturities of the Group's lease liabilities (excluding short-term leases) are as follows:

	As of December 31, 2024	
	Finance Lease	Operating Lease
Within 1 year	31,767	395,180
Between 1 and 2 years	31,767	330,292
Between 2 and 3 years	34,835	224,951
Between 3 and 4 years	31,767	175,619
Between 4 and 5 years	825,955	557,743
Thereafter	—	250,835
Total minimum lease payments	956,091	1,934,620
Less: Interest	(136,454)	(264,272)
Present value of lease obligations	819,637	1,670,348
Less: Current portion	(41,940)	(324,496)
Non - current portion of lease obligations	777,697	1,345,852

As a lessor

The Group has entered into leases of factories with third parties in December, 2023 and January, 2024, respectively, with lease terms of 15 years, and no extension or termination options included in the lease arrangements. Initial direct costs were insignificant for all periods presented. No residual value guarantees and options at the end of the lease terms to purchase the underlying assets were contained in the lease agreements.

The leases of the factories were classified as sales-type lease as the lease terms were the major part of the remaining economic useful life of the underlying assets. Therefore, on the lease commencement date, the Group derecognized the underlying assets with amount of RMB194,284 and RMB36,743 in December, 2023 and January, 2024, respectively, and recognized accordingly the net investment in the lease with amount of RMB216,218 and RMB4,477, respectively, which represents the present value of the lease receivables and the amount that a lessor expects to derive from the underlying assets following the end of the lease terms. The Group also recorded the gain with amount of RMB2,116 and RMB135 in "Selling, general and administrative expenses" on the consolidated statements of comprehensive loss for the year ended December 31, 2023 and 2024.

18. Leases (continued)

As a lessor (continued)

The balances for the factory lease where the Group is the lessor are presented as follows within the consolidated balance sheets:

	As of December 31	
	2023	2024
Other current assets		
Finance lease receivables, current portion, net	11,100	11,388
Other non-current assets		
Finance lease receivables, non-current portion, net	205,118	204,435
Total finance lease receivables, net	**216,218**	**215,823**

The net investment in sales-type lease consisted of:

	As of December 31	
	2023	2024
Total minimum lease payments receivable	**240,023**	**231,621**
Less: Unearned income	(51,541)	(45,796)
Unguaranteed residuals	27,736	29,998
Net investment in lease payments receivable	**216,218**	**215,823**
Current portion	11,100	11,388
Non-current portion	205,118	**204,435**

Future minimum lease payments to be received for the sales-type lease are as follows:

	As of December 31	
	2023	2024
Within 1 year	20,002	27,602
Between 1 and 2 years	16,001	16,002
Between 2 and 3 years	16,001	16,002
Between 3 and 4 years	16,001	16,002
Between 4 and 5 years	16,001	16,002
Thereafter	156,017	140,011
Total minimum lease receivable	240,023	231,621
Less: Unearned income	(51,541)	(45,796)
Unguaranteed residuals	27,736	29,998
Net investment in finance lease	**216,218**	**215,823**

19. Revenues

Revenues by source consisted of the following:

	For the Year Ended December 31,		
	2022	2023	2024
Vehicle sales	24,839,637	28,010,857	35,829,402
Services and others	2,015,482	2,665,210	5,036,907
Total	26,855,119	30,676,067	40,866,309

20. Deferred Revenue

The following table shows a reconciliation in the current reporting period related to carried-forward deferred revenue.

	For the Year Ended December 31,		
	2022	2023	2024
Deferred revenue - beginning of year	897,288	1,083,249	1,299,943
Additions	24,344,226	28,513,918	38,634,319
Recognition	(24,158,265)	(28,297,224)	(37,835,827)
Deferred revenue - end of year	1,083,249	1,299,943	2,098,435
Less: Deferred revenue, current portion	(389,243)	(630,997)	(1,275,716)
Deferred revenue, non-current portion	694,006	668,946	822,719

Deferred revenue represents transaction price allocated to the performance obligations that are not yet satisfied or partially satisfied, which primarily arises from the undelivered vehicles, technical research and development services, charging piles, free battery charging within 3 or 6 years, the extended lifetime warranty, option between household charging pile and charging card, services of lifetime free battery charging in XPeng-branded charging station, lifetime warranty of battery as well as vehicle internet connection services, with unrecognized deferred revenue balance of RMB1,083,249, RMB1,299,943 and RMB2,098,435, as of December 31, 2022, 2023 and 2024, respectively.

The Group expects that 61% of transaction price allocated to unsatisfied performance obligations which were accounted for as deferred revenue as of December 31, 2024 will be recognized as revenue during the period from January 1, 2025 to December 31, 2025. The remaining 39% will be substantially recognized during the period from January 1, 2026 to December 31, 2034.

21. Manufacturing in Collaboration with Haima Auto

On March 31, 2017, the Group entered into a contract arrangement with Haima Auto for the manufacture of vehicles. The agreement was expired on December 31, 2021, and such agreements were renewable by mutual consent. Pursuant to the arrangement, starting from 2018, Haima Auto provides an annual production capacity of 50,000 units, for the manufacturing of G3. While Haima is in charge of the day-to-day operations of the plant, the Group retains effective control over the supply chain, the manufacturing process, testing and quality control. For each vehicle produced, the Group will incur manufacturing cost on a per-vehicle basis monthly. The Group did not have any compensation or fees for Haima Auto other than the aforementioned manufacturing cost.

In consideration of commercial development needs, the Group and Haima came to a mutual consent that the former agreement would not be renewed and signed a transitional agreement in August 2021 for the termination of the manufacturing of vehicles in Haima plant and the corresponding relocation arrangements. As a result of the transitional and relocation agreement, relocation and disposal costs were incurred and borne by the Group, of which RMB132,856 was recognized as other operating expenses for the year ended December 31, 2021. Furthermore, RMB2,830 additional costs was recognized as other operating expenses for the year ended December, 31, 2024. The relocation and disposal costs of RMB98,861 were or will be incurred in the form of cash, while the remaining amounts were non-cash. For the years ended December 31, 2022, 2023 and 2024, nil, RMB43,903 and RMB4,166 were paid in cash, respectively.

22. Ordinary Shares

As of December 31, 2022, 1,376,693,799 Class A ordinary shares had been issued, out of which, 1,371,774,629 Class A ordinary shares were outstanding, and 348,708,257 Class B ordinary shares had been issued and outstanding.

The Group issued 9,171,738 Class A ordinary shares for the year ended December 31, 2023, out of which, 599,886 Class A ordinary shares are outstanding and transferred to employees for the vested RSUs and 8,571,852 Class A ordinary shares are treasury shares held by XPeng Inc.

XPeng Inc. and XPeng Fortune Holding Limited transferred 10,679,408 Class A treasury shares to employees and independent directors for the vested RSUs for the year ended December 31, 2023.

On November 13, 2023, the Group allotted and issued 58,164,217 Class A ordinary shares as the purchase consideration to DiDi for completing the closing of acquisition of DiDi's smart auto business (Note 5).

On July 26, 2023, the Group and Volkswagen entered into a forward share purchase agreement, pursuant to which the Group would issue a number of Class A ordinary shares that equal to the lower of 4.99% of its total share number as of five business days prior to the closing date and 94,666,666 to Volkswagen at the purchase price of US$7.5 per share in cash. The number of shares to be issued is subject to certain adjustments, which preclude the forward contract from meeting the "fixed-for-fixed" requirements under ASC 815-40 for equity classification. Accordingly, the forward share purchase agreement was classified as a liability measured at fair value with changes in fair value recognized in earnings.

On December 6, 2023, the Group allotted and issued 94,079,255 Class A ordinary shares to Volkswagen for the fulfillment of the forward share purchase agreement for strategic minority investment. The Group recognized a fair value loss on derivative liability amounting to RMB410,417 for the year ended December 31, 2023.

As of December 31, 2023, 1,538,109,009 Class A ordinary shares had been issued, out of which, 1,535,297,395 Class A ordinary shares were outstanding, and 348,708,257 Class B ordinary shares had been issued and outstanding.

22. Ordinary Shares (continued)

The Group issued 8,963,906 Class A ordinary shares for the year ended December 31, 2024, out of which, 1,010,502 Class A ordinary shares are outstanding and transferred to employees for the vested RSUs and 7,953,404 Class A ordinary shares are treasury shares held by XPeng Inc.

XPeng Inc. and XPeng Fortune Holding Limited transferred 8,460,156 Class A treasury shares to employees for the vested RSUs for the year ended December 31, 2024.

On August 13, 2024, the Group allotted and issued 4,636,447 Class A ordinary shares as the SOP Consideration Shares to DiDi pursuant to the acquisition of DiDi's smart auto business (Note 5).

As of December 31, 2024, 1,551,709,362 Class A ordinary shares had been issued, out of which, 1,549,404,500 Class A ordinary shares were outstanding, and 348,708,257 Class B ordinary shares had been issued and outstanding.

23. Share-based Compensation

On June 28, 2020, the board of directors of the Company approved the 2019 Equity Incentive Plan ("2019 Plan") with 161,462,100 Class A ordinary shares reserved. Options, restricted shares, RSUs, dividend equivalents, share appreciation rights and share payments may be granted under the 2019 Plan.

One RSU represents a right relating to one Class A ordinary share of the Group with a par value of US$0.00001 per share.

The RSUs primarily include both service and performance conditions. For service condition, vesting schedules include: (i) 25% of the RSUs shall become vested on each anniversary of the vesting commencement date for four years thereafter; (ii) 40% of the RSUs shall become vested on the grant date and 15% of the RSUs become vested on each anniversary of the vesting commencement date for four years thereafter; (iii) 25% of the RSUs shall become vested on the first anniversary of the vesting commencement date, and the remaining 75% of the RSUs shall become vested in equal installments on each quarterly anniversary of the vesting commencement date for three years thereafter. In addition to the service conditions, for the RSUs granted prior to the completion of the IPO, employees are also required to provide continued service through the satisfaction of the occurrence of change of control or an IPO ("Liquidity Event") that occurs within seven or ten years after the vesting commencement date. For RSUs with performance conditions which were granted subsequent to the completion of the IPO, employees are required to achieve the performance targets relating to performance appraisal results as set out in the respective relevant award agreements over the respective requisite service period.

The RSUs granted prior to the completion of the IPO are measured at the grant date fair value of the awards and recognized as expense using the graded vesting method, net of estimated forfeitures, if any, over the requisite service period.

Subsequent to the completion of the IPO, RSUs with only a service condition to employees under the 2019 Plan are vested on a straight-line basis net of estimated forfeitures, if any, over the requisite service period. RSUs with both service and performance conditions are recognized as expenses using the graded vesting method, net of estimated forfeitures, if any, over the requisite service period, when the performance condition is concluded to be probable to achieve.

23. Share-based Compensation (continued)

A summary of the Group's RSU activity for the years ended December 31, 2022, 2023 and 2024 were as follows:

	Number of restricted share units	Weighted average grant date fair value RMB
Outstanding as of December 31, 2021	33,860,228	38.75
Granted[(i)]	28,010,128	68.29
Vested	(19,564,802)	37.27
Forfeited	(6,309,648)	81.29
Outstanding as of December 31, 2022[(i)]	35,995,906	59.72
Expected to vest as of December 31, 2022[(i)]	33,116,233	

	Number of restricted share units	Weighted average grant date fair value RMB
Outstanding as of December 31, 2022	35,995,906	59.72
Granted[(i)]	15,177,322	39.31
Vested	(11,276,824)	55.66
Forfeited	(10,701,587)	51.52
Outstanding as of December 31, 2023[(i)]	29,194,817	54.42
Expected to vest as of December 31, 2023[(i)]	24,487,867	

	Number of restricted share units	Weighted average grant date fair value RMB
Outstanding as of December 31, 2023	29,194,817	54.42
Granted[(i)]	17,812,098	31.01
Vested	(9,466,806)	55.93
Forfeited	(6,274,291)	60.27
Outstanding as of December 31, 2024[(i)]	31,265,818	40.07
Expected to vest as of December 31, 2024[(i)]	25,950,949	

Share-based compensation expense amounting to RMB710,486, RMB550,535 and RMB473,655 was recognized for RSUs for the years ended December 31, 2022, 2023 and 2024, respectively. As of December 31, 2024, there was RMB746,843 of unrecognized compensation expense relating to the RSUs. Excluding the 2022 Performance Based Award mentioned below, the expense is expected to be recognized over a weighted average period of 1.76 years.

For the years ended December 31, 2022, 2023 and 2024, 21,994, 12,922 and 3,850 RSUs with no condition were granted to the Company's independent directors and the RSUs were vested upon granted, respectively.

23. Share-based Compensation (continued)

(i) 2022 Performance Based Award

In November 2022, the board of directors of the Company granted 8.02 million RSUs to certain employees ("**2022 Award**") under 2019 Plan. The 2022 Award consists of five vesting tranches with both service and performance conditions. Such employees are required to provide continued services through the achievement of the performance conditions which were different for each vesting tranche. The Group will recognize the compensation cost when the performance conditions become probable of achievement. Two of the five tranches of the 2022 Award had achieved the necessary performance condition as of December 31, 2024 and become probable to vest. For the years ended December 31, 2022, 2023 and 2024, share-based compensation expense related to this grant amounted to nil, RMB26,582 and RMB13,520, respectively. As of December 31, 2024, amounting to RMB41,169 of unrecognized compensation expenses relating to the 2022 Award as the remaining performance conditions were still not considered probable of achievement.

24. Taxation

(a) Income taxes

Cayman Islands

Under the current laws of the Cayman Islands, the Company is not subject to tax on either income or capital gain. Additionally, upon payments of dividends to the shareholders, no Cayman Islands withholding tax will be imposed.

BVI

XPeng Limited is exempted from income tax on its foreign-derived income in the BVI. There are no withholding taxes in the BVI.

Hong Kong

Under the current Hong Kong Inland Revenue Ordinance, the subsidiaries of the Group incorporated in Hong Kong are subject to 16.5% Hong Kong profit tax on their taxable income generated from operations in Hong Kong. Additionally, payments of dividends by the subsidiaries incorporated in Hong Kong to the Company are not subject to any Hong Kong withholding tax.

United States

The applicable income tax rate of United States where the Company's subsidiaries having significant operations for the years ended December 31, 2022, 2023 and 2024 is 27.98%, which is a blended state and federal rate.

PRC

The PRC Enterprise Income Tax Law ("EIT Law"), which became effective on January 1, 2008, applies an uniform enterprise income tax ("EIT") rate of 25% to both foreign-invested enterprises ("FIEs") and domestic enterprises. Certified High and New Technology Enterprises ("HNTE") are entitled to a favorable statutory tax rate of 15%, but need to re-apply every three years. During this three-year period, an HNTE must conduct a qualification self-review each year to ensure it meets the HNTE criteria and is eligible for the 15% preferential tax rate for that year. If an HNTE fails to meet the criteria for qualification as an HNTE in any year, the enterprise cannot enjoy the 15% preferential tax rate in that year, and must instead use the regular 25% EIT rate.

Xiaopeng Technology applied for the HNTE qualification and received approval in December 2022. Xiaopeng Technology is entitled to continue to enjoy the beneficial tax rate of 15% as an HNTE for the years 2022 through 2024.

Zhaoqing XPeng applied for the HNTE qualification and received approval in December 2020 and renewed in December 2023. Zhaoqing XPeng is entitled to continue to enjoy the beneficial tax rate of 15% as an HNTE for the years 2023 through 2025.

Beijing Xiaopeng applied for the HNTE qualification and received approval in December 2020. This enterprise is entitled to continue to enjoy the beneficial tax rate of 15% as an HNTE for the years 2020 through 2022. Since the qualification was expired in 2023, this enterprise applies tax rate of 25% for the year 2023. This enterprise re-applied for the HNTE qualification and received approval in December 2024, then entitled to enjoy the beneficial tax rate of 15% as an HNTE for the years 2024 through 2026.

Shanghai Xiaopeng Motors Technology Co., Ltd. applied for the HNTE qualification and received approval in December 2022. Shanghai Xiaopeng Motors Technology Co., Ltd. is entitled to continue to enjoy the beneficial tax rate of 15% as an HNTE for the years 2022 through 2024.

Shenzhen Pengxing Smart Research Co., Ltd. applied for the HNTE qualification and received approval in October 2023. Shenzhen Pengxing Smart Research Co., Ltd is entitled to continue to enjoy the beneficial tax rate of 15% as an HNTE for the years 2023 through 2025.

Zhaoqing Xiaopeng New Energy applied for the HNTE qualification and received approval in December 2024. Zhaoqing Xiaopeng New Energy is entitled to enjoy the beneficial tax rate of 15% as an HNTE for the years 2024 through 2026.

Guangzhou Zhipeng Manufacturing Co., Ltd. applied for the HNTE qualification and received approval in December 2024. Guangzhou Zhipeng Manufacturing Co., Ltd. is entitled to enjoy the beneficial tax rate of 15% as an HNTE for the years 2024 through 2026.

24. Taxation (continued)

***(a) Income taxes* (continued)**

PRC (continued)

Under the EIT Law enacted by the National People's Congress of the PRC, dividends generated after January 1, 2008 and payable by a foreign investment enterprise in the PRC to its foreign investors who are non-resident enterprises are subject to a 10% withholding tax, unless any such foreign investor's jurisdiction of incorporation has a tax treaty with the PRC that provides for a different withholding arrangement. Under the taxation arrangement between the PRC and Hong Kong, a qualified Hong Kong tax resident which is the "beneficial owner" and directly holds 25% or more of the equity interest in a PRC resident enterprise is entitled to a reduced withholding tax rate of 5%. The Cayman Islands, where the Company was incorporated, does not have a tax treaty with the PRC.

In accordance with accounting guidance, all undistributed earnings are presumed to be transferred to the parent company and are subject to the withholding taxes. All FIEs are subject to the withholding tax from January 1, 2008. The presumption may be overcome if the Group has sufficient evidence to demonstrate that the undistributed earnings will be re-invested and the remittance of the dividends will be postponed indefinitely. The Group did not record any dividend withholding tax, as it has no retained earnings for any of the years presented.

The EIT Law also provides that an enterprise established under the laws of a foreign country or region but whose "de facto management body" is located in the PRC be treated as a resident enterprise for PRC tax purposes and consequently be subject to the PRC income tax at the rate of 25% for its global income. The Implementing Rules of the EIT Law merely define the location of the "de facto management body" as "the place where the exercising, in substance, of the overall management and control of the production and business operation, personnel, accounting, properties, etc., of a non-PRC company is located." Based on a review of surrounding facts and circumstances, the Group does not believe that it is likely that its operations outside of the PRC will be considered a resident enterprise for PRC tax purposes. However, due to limited guidance and implementation history of the EIT Law, there is uncertainty as to the application of the EIT Law. Should the Company be treated as a resident enterprise for PRC tax purposes, the Company will be subject to PRC income tax on worldwide income at an uniform tax rate of 25%.

According to relevant policies promulgated by the State Tax Bureau of the PRC and effective from 2008 onwards, enterprises engaged in R&D activities are entitled to claim an additional tax deduction amounting to 75% or 100% of qualified R&D expenses incurred in determining its tax assessable profits for that year. ("Super Deduction"). The additional deduction of 100% or 75% of qualified R&D expenses can only be claimed directly in the annual EIT filling and subject to the approval from the relevant tax authorities.

Composition of income tax expenses (benefit) for the years presented are as follows:

	For the Year Ended December 31,		
	2022	2023	2024
Current income tax expenses	24,731	18,014	22,297
Deferred income tax expenses (benefit)	—	18,796	(92,077)
Income tax expenses (benefit)	24,731	36,810	(69,780)

24. Taxation (continued)

***(a) Income taxes* (continued)**

Reconciliations of the income tax expenses computed by applying the PRC statutory income tax rate of 25% to the Group's income tax expenses of the years presented are as follows:

	For the Year Ended December 31,		
	2022	2023	2024
Loss before income tax expenses and share of results of equity method investees	(9,118,358)	(10,393,705)	(5,830,975)
Income tax credit computed at the PRC statutory income tax rate of 25%[(i)]	(2,279,590)	(2,598,426)	(1,457,744)
Effect of preferential tax rate[(ii)]	202,968	29,362	29,108
Tax-free income	(14,000)	(33,657)	(9,110)
Effect of change in tax rate	16,554	(79,401)	1,054,824
Effect of different tax rate of different jurisdictions	322,514	114,036	(127,510)
Effect of additional deduction for qualified R&D expenses	(515,288)	(1,184,717)	(815,144)
Non-deductible expenses	92,906	(230,127)	512,324
Other adjustments[(iii)]	—	(494,696)	150,721
Changes in valuation allowance	2,198,667	4,514,436	592,751
Income tax expenses	24,731	36,810	(69,780)

(i) The PRC statutory income tax rate is used because the majority of the Group's operations are based in the PRC.

(ii) The effect of preferential tax rate resulted in a deduction of the income tax credit computed at the PRC statutory income tax rate of 25%.

(iii) Income tax credit amounting to RMB536,974 resulted from acquisition of subsidiaries was included in other adjustments for the years ended December 31, 2023.

(b) Deferred tax

The Group considers positive and negative evidence to determine whether a portion or all of the deferred tax assets will be more-likely-than-not realized. This assessment considers, among other matters, the nature, frequency and severity of recent losses and forecasts of future profitability. These assumptions require significant judgment and the forecasts of future taxable income are consistent with the plans and estimates the Group is using to manage the underlying business. The statutory income tax rate of 25% or applicable preferential income tax rates were applied when calculating deferred tax assets.

	As of December 31,	
	2023	2024
Deferred tax assets:		
Net operating loss carry-forwards	10,189,606	9,759,109
Government grants	41,713	33,719
Impairment of long-lived assets	29,660	43,592
Inventory reserve	69,730	81,922
Accruals and others	457,366	1,474,063
Leases	502,799	462,825
Valuation allowance	(10,277,822)	(10,870,573)
Total deferred tax assets, net of valuation allowance	1,013,052	984,657

24. Taxation (continued)

***(b) Deferred tax* (continued)**

	As of December 31,	
	2023	2024
Deferred tax liabilities:		
Leases	(509,441)	(462,906)
Acquired intangible assets	(907,629)	(833,393)
Others	—	(298)
Total deferred tax liabilities	(1,417,070)	(1,296,597)
Deferred tax assets, net	—	29,992
Deferred tax liabilities, net	(404,018)	(341,932)

Movement of valuation allowance is as follow:

	For the Year Ended December 31,		
	2022	2023	2024
Valuation allowance			
Balance at beginning of the year	3,564,719	5,763,386	10,277,822
Additions	2,221,222	3,990,147	1,798,296
Acquisition of subsidiaries	—	536,974	—
Loss utilized and expired	(6,001)	(92,086)	(150,721)
Effect of change in tax rate	(16,554)	79,401	(1,054,824)
Balance at end of the year	5,763,386	10,277,822	10,870,573

For the years ended December 31, 2023 and 2024, with the growth of its business performance, some subsidiaries of the Group are generating profits and utilizing tax losses brought forward from prior years.

The Group has tax losses arising in Mainland China of RMB47,271,245 that will expire in one to ten years for deduction against future taxable profits.

Loss expiring in 2025	1,047,290
Loss expiring in 2026	1,839,526
Loss expiring in 2027	4,958,034
Loss expiring in 2028	11,539,623
Loss expiring in 2029	10,178,620
Loss expiring in 2030	1,847,352
Loss expiring in 2031	2,329,586
Loss expiring in 2032	4,143,097
Loss expiring in 2033	6,540,974
Loss expiring in 2034	2,847,143
Total	47,271,245

The Group has tax losses arising in Hong Kong and Others of RMB5,988,826 that will not expire for deduction against future taxable profit.

Hong Kong	785,061
Others	5,203,765
Total	5,988,826

24. Taxation (continued)

Uncertain Tax Positions

The Group did not identify any significant unrecognized tax benefits for the years ended December 2022, 2023 and 2024. The Group did not incur any interest related to unrecognized tax benefits, did not recognize any penalties as income tax expenses and it also does not anticipate any significant change in unrecognized tax benefits within 12 months from December 31, 2024. In general, the PRC tax authorities mandate a period of up to five years to review a company's tax filings. Accordingly, tax filings of the Company's PRC subsidiaries and VIEs for tax years 2020 through 2024 remain subject to the review to be performed by the relevant PRC tax authorities.

25. Loss Per Share

Basic loss per share and diluted loss per share have been calculated in accordance with ASC 260 on computation of earnings per share for the years ended December 31, 2022, 2023 and 2024 as follows:

	For the Year Ended December 31,		
	2022	2023	2024
Numerator:			
Net loss	(9,138,972)	(10,375,775)	(5,790,264)
Net loss attributable to ordinary shareholders of XPeng Inc.	(9,138,972)	(10,375,775)	(5,790,264)
Denominator:			
Weighted average number of ordinary shares outstanding-basic and diluted	1,712,533,564	1,740,921,519	1,891,357,212
Basic and diluted net loss per share attributable to ordinary shareholders of XPeng Inc.	(5.34)	(5.96)	(3.06)

For the years ended December 31, 2022, 2023 and 2024, the Company had potential ordinary shares, including non-vested RSUs granted and contingently issuable shares relating to contingent consideration (Note 5). As the Group incurred losses for the years ended December 31, 2022, 2023 and 2024, these potential ordinary shares were anti-dilutive and excluded from the calculation of diluted net loss per share of the Company. The weighted-average numbers of non-vested RSUs excluded from the calculation of diluted net loss per share of the Company were 39,259,022, 34,385,852 and 31,407,488 as of December 31, 2022, 2023 and 2024, respectively. The number of contingently issuable shares relating to contingent consideration excluded from the calculation of diluted net loss per share of the Company is nil, between nil and 32,967,573, between nil and 14,276,521 as of December 31, 2022, 2023 and 2024, respectively.

26. Related parties

The principal related parties with which the Group had transactions during the years presented are as follows:

Name of Entity or Individual	Relationship with the Company
Mr. Xiaopeng He	Principal Shareholder of the Company, Chairman of the Board and Chief Executive Officer
Mr. Hongdi Brian Gu	Honorary Vice Chairman of the Board and President
Mr. Tao He(2)	Former Senior Vice President
HT Flying Car Inc.	A Company Significantly Influenced by the Principal Shareholder
HT Flying Car (Hong Kong) Limited	A Company Significantly Influenced by the Principal Shareholder
Guangzhou Huitian Aerospace Technology Co., Ltd. ("Guangzhou Huitian")	A Company Significantly Influenced by the Principal Shareholder
Guangdong Huitian Aerospace Technology Co., Ltd. ("Guangdong Huitian")	A Company Significantly Influenced by the Principal Shareholder
Rockets Capital L.P.(1)	A Partnership Significantly Influenced by the Company
Guangzhou Xuetao(2)	A Company Controlled by the Company Secretary

(1) As of December 31, 2024, the principal shareholder and the President are the shareholders of the General Partner of Rockets Capital L.P. and the President is entitled to appoint one of three directors of the General Partner. The Group, together with its related parties, can exercise significant influence over Rockets Capital L.P. (Note 13(iv)).

(2) Mr. Tao He joined the Company as senior vice president in January 2015 and was appointed as director in March 2020. In July 2021, he resigned from the directorship with effect from the Global Offering. Since June 2022, he established and jointly controlled Guangzhou Xuetao with 50% equity interests. He had resigned from senior vice president since April 2023. The Company Secretary of the Group controlled Guangzhou Xuetao with 100% equity interests after Mr. Tao He withdrew his shareholding in Guangzhou Xuetao in February 2024.

(3) Major transactions with related parties:

(i) Non-trade in nature

	For the Year Ended December 31,		
	2022	2023	2024
Interest expenses on payable due to a company jointly controlled by former senior vice president	1,021	2,402	—
Disposal of debt investment to a partnership significantly influenced by the Company(Note 13(iii))	165,000	—	—

26. Related parties (continued)

(3) Major transactions with related parties (continued):

(ii) Trade in nature

	For the Year Ended December 31,		
	2022	2023	2024
Provision of operational support services to companies controlled by principal shareholder	31,293	—	—
Provision of leasing services to companies controlled by principal shareholder	55	—	—
Provision of operational support services to companies significantly influenced by principal shareholder	20,210	14,823	39,863
Provision of leasing services to companies significantly influenced by principal shareholder	534	306	199
Sale of goods to companies significantly influenced by principal shareholder	2,167	1,172	2,609
Purchase of services from companies significantly influenced by principal shareholder	663	1,068	9,672

26. Related parties (continued)

(4) Amounts due from related parties:

	As of December 31,	
	2023	2024
Receivables for operation support service to companies significantly influenced by principal shareholder	12,566	41,889
Receivables for sales of goods to companies significantly influenced by principal shareholder	382	1,825
Total	12,948	43,714

(5) Amounts due to related parties:

	As of December 31,	
	2023	2024
Payable due to a company jointly controlled by former senior vice president	30,872	—
Payables for purchased service to companies significantly influenced by principal shareholder	—	9,362
Advances from companies significantly influenced by principal shareholder	8	2
Total	30,880	9,364

(6) Investment Commitment:

	As of December 31,	
	2023	2024
Investment commitment to a partnership significantly influenced by the Company (Note 27(a))	541,186	404,846

27. Commitments and Contingencies

(a) Capital commitments

Capital expenditures contracted for at the balance sheet dates but not recognized in the consolidated financial statements are as follows:

	As of December 31,	
	2023	2024
Investments	541,186	404,846
Property, plant and equipment	191,690	312,417
Total	732,876	717,263

(b) Purchase commitments

Purchase expenditures contracted for at the balance sheet dates but not recognized in the consolidated financial statements are as follows:

	As of December 31,	
	2023	2024
Purchase commitments on purchase of raw materials	2,118,392	3,516,597

(i) Such amount excludes purchase commitments related to certain models which have been upgraded or where production has ceased. Losses on such commitments have been provided for during the year ended December 31, 2023 and 2024, respectively (Note 15).

28. Restricted Net Assets

The Group's ability to pay dividends is primarily dependent on the Group receiving distributions of funds from its subsidiaries. Relevant PRC statutory laws and regulations permit payments of dividends by the Group's subsidiaries, consolidated VIEs and VIEs' subsidiaries incorporated in the PRC only out of their retained earnings, if any, as determined in accordance with PRC accounting standards and regulations. The results of operations reflected in the financial statements prepared in accordance with U.S. GAAP differ from those reflected in the statutory financial statements of the Group's subsidiaries.

In accordance with the PRC Regulations on Enterprises with Foreign Investment, a foreign invested enterprise established in the PRC is required to provide certain statutory reserve funds, namely general reserve fund, the enterprise expansion fund and staff welfare and bonus fund which are appropriated from net profits as reported in the enterprise's PRC statutory financial statements. A foreign invested enterprise is required to allocate at least 10% of its annual after-tax profits to the general reserve fund until such reserve fund has reached 50% of its registered capital based on the enterprise's PRC statutory financial statements. Appropriations to the enterprise expansion fund and staff welfare and bonus fund are at the discretion of the board of directors for all foreign invested enterprises. The aforementioned reserved funds can only be used for specific purposes and are not distributable as cash dividends.

Additionally, in accordance with the Company Law of the PRC, a domestic enterprise is required to provide statutory surplus fund at least 10% of its annual after-tax profits until such statutory surplus fund has reached 50% of its registered capital based on the enterprise's PRC statutory financial statements. A domestic enterprise is also required to provide discretionary surplus fund, at the discretion of the board of directors, from the net profits reported in the enterprise's PRC statutory financial statements. The aforementioned reserve funds can only be used for specific purposes and are not distributable as cash dividends.

As a result of these PRC laws and regulations that require annual appropriations of 10% of net after-tax profits to be set aside prior to payment of dividends as general reserve fund or statutory surplus fund, the Group's PRC subsidiaries, consolidated VIEs and VIEs' subsidiaries are restricted in their ability to transfer a portion of their net assets to the Company.

The restricted portion was RMB77,141,231 and RMB77,920,358 as of December 31, 2023 and 2024, respectively. Therefore in accordance with Rules 4-08 (e) (3) of Regulation S-X, the condensed parent company only financial statements as of December 31, 2022, 2023 and 2024 and for the years ended December 31, 2023 and 2024 are disclosed in Note 29.

29. Company Financial Statements (Parent Company Only)

The Company performed a test on the restricted net assets of its consolidated subsidiaries and VIEs in accordance with Securities and Exchange Commission Regulation S-X Rule 4-08 (e) (3), "General Notes to Financial Statements" and concluded that it was applicable for the Company to disclose the financial information for the Company only (parent company only).

The subsidiaries did not pay any dividend to the Company for the years presented. Certain information and footnote disclosures generally included in financial statements prepared in accordance with U.S. GAAP have been condensed and omitted. The footnote disclosures contain supplemental information relating to the operations of the Company, as such, these statements are not the general-purpose financial statements of the reporting entity and should be read in conjunction with notes to consolidated financial statements of the Company.

As of December 31, 2023 and 2024, except for the investment commitment disclosed in Note 27(a), the Company did not have significant capital and other commitments, or guarantees.

Condensed Balance Sheets	**As of December 31,**	
	2023	**2024**
ASSETS		
Current assets		
Cash and cash equivalents	5,187,597	1,651,285
Short-term deposits	7,906,283	11,938,371
Long-term deposits, current portion	1,852,070	—
Prepayments and other current assets	46,685	15,502
Total current assets	14,992,635	13,605,158
Non-current assets		
Investments in subsidiaries and VIEs	21,126,723	17,114,366
Long-term investments	618,629	724,548
Total non-current assets	21,745,352	17,838,914
Total assets	36,737,987	31,444,072

29. Company Financial Statements (Parent Company Only) (continued)

Condensed Balance Sheets (continued)

	As of December 31,	
	2023	2024
LIABILITIES		
Current liabilities		
Accruals and other liabilities	15,987	1,344
Total current liabilities	15,987	1,344
Non-current liabilities		
Derivative liability	393,473	167,940
Total non-current liabilities	393,473	167,940
Total liabilities	409,460	169,284
SHAREHOLDERS' EQUITY		
Class A Ordinary shares	103	104
Class B Ordinary shares	21	21
Additional paid-in capital	70,198,031	70,671,685
Statutory and other reserves	60,035	95,019
Accumulated deficit	(35,760,301)	(41,585,549)
Accumulated other comprehensive income	1,830,638	2,093,508
Total shareholders' equity	36,328,527	31,274,788
Total liabilities and shareholders' equity	36,737,987	31,444,072

29. Company Financial Statements (Parent Company Only) (continued)

Condensed Statements of Comprehensive Loss

	For the Year Ended December 31,		
	2022	2023	2024
Operating expenses			
Selling, general and administrative expenses	(22,896)	(28,511)	(16,706)
Total operating expenses	(22,896)	(28,511)	(16,706)
Fair value gain on derivative liability relating to the contingent consideration	—	29,339	234,245
(Loss) gain from operations	(22,896)	828	217,539
Interest income	314,668	601,475	783,148
Equity in loss of subsidiaries and VIEs	(7,074,057)	(10,165,831)	(6,376,372)
Other non-operating income, net	35,867	17,718	88,592
Exchange loss from foreign currency transactions	(2,380,873)	(473,467)	(455,608)
Investment loss on long-term investments	(75,155)	(821)	(18,489)
Fair value gain (loss) on derivative assets or derivative liabilities	59,357	(410,417)	—
Loss before income tax expenses and share of results of equity method investees	(9,143,089)	(10,430,515)	(5,761,190)
Income tax expenses	—	—	(5)
Share of results of equity method investees	4,117	54,740	(29,069)
Net loss	(9,138,972)	(10,375,775)	(5,790,264)
Net loss attributable to ordinary shareholders of XPeng Inc.	(9,138,972)	(10,375,775)	(5,790,264)
Net loss	(9,138,972)	(10,375,775)	(5,790,264)
Other comprehensive income			
Foreign currency translation adjustment, net of tax	3,192,573	286,614	262,870
Total comprehensive loss attributable to XPeng Inc.	(5,946,399)	(10,089,161)	(5,527,394)
Comprehensive loss attributable to ordinary shareholders of XPeng Inc.	(5,946,399)	(10,089,161)	(5,527,394)

29. Company Financial Statements (Parent Company Only) (continued)

Condensed Statements of Cash Flows	For the Year Ended December 31,		
	2022	2023	2024
Cash flows from operating activities	175,195	520,066	683,003
Cash flows from investing activities			
Maturity (placement) of term deposits	3,099,780	4,164,149	(1,961,056)
Investment in equity investees	(6,934,426)	(5,306,987)	(2,257,875)
Cash paid for long-term investments	(409,363)	(188,681)	(144,192)
Maturities of derivative assets or derivative liabilities	10,752	—	—
Net cash used in investing activities	(4,233,257)	(1,331,519)	(4,363,123)
Cash flows from financing activities			
Payments of listing expenses	(1,830)	—	—
Proceeds from issuance of ordinary shares to Volkswagen	—	5,019,599	—
Net cash provided by (used in) financing activities	(1,830)	5,019,599	—
Effects of exchange rate changes on cash, cash equivalents and restricted cash	500,454	27,795	143,808
Net (decrease) increase in cash, cash equivalents and restricted cash	(3,559,438)	4,235,941	(3,536,312)
Cash, cash equivalents and restricted cash at beginning of the year	4,511,094	951,656	5,187,597
Cash, cash equivalents and restricted cash at end of the year	951,656	5,187,597	1,651,285

(i) Basis of presentation

The Company's accounting policies are the same as the Group's accounting policies with the exception of the accounting for the investments in subsidiaries and VIEs.

For the Company only condensed financial information, the Company records its investments in subsidiaries and VIEs under the equity method of accounting as prescribed in ASC 323, Investments—Equity Method and Joint Ventures.

Such investments are presented on the Condensed Balance Sheets as "Investments in subsidiaries and VIEs" and shares of the subsidiaries and VIEs' loss are presented as "Equity in loss of subsidiaries and VIEs" on the Condensed Statements of Comprehensive Loss. The parent company only condensed financial information should be read in conjunction with the Group's consolidated financial statements.

30. Subsequent events

(a) Completion of the Asset-backed Notes Issuance

In March 2025, the Group entered into another asset-backed securitization arrangement with issuance of the notes at the total amount of RMB895,000 and securitized receivables arising from auto financing arrangements through the transfer of those assets to a securitization vehicle. It is a revolving arrangement where the Group provides management, administration and collection services (at market rates) on the transferred financial assets, but only retains an insignificant economic interest in the securitization vehicle. As a result, the Group will not consolidate the securitization vehicle (thereby derecognizing transferred receivables) under US GAAP.

(b) A Conditional Grant of CEO service-based and performance-based RSUs

On March 19, 2025, our Board of Directors has conditionally granted a 10-year CEO service-based performance RSUs with vesting contingent upon achieving certain specified market conditions performance. The conditional grant is subject to the independent shareholders' approval at the upcoming Annual General Meeting.

Exhibit 4.3

Execution Version

Equity Interest Pledge Agreement

Between

Chen Zhiyuan

And

Guangzhou Xiaopeng Motors Technology Co., Ltd.

And

Guangzhou Zhipeng Internet of Vehicle Technology Co., Ltd.

In relation to Guangzhou Zhipeng Internet of Vehicle Technology Co., Ltd.

April 20, 2024

Equity Interest Pledge Agreement

This equity interest pledge agreement ("**Agreement**") is made by the following parties on April 20, 2024 ("**Execution Date**"):

1. Chen Zhiyuan (ID No.: XXXXXXXXXX) ("**Pledgor**");

   Contact address: No. 4 Jiangong Road, Tianhe District, Guangzhou

2. Guangzhou Zhipeng Internet of Vehicle Technology Co., Ltd., with its registered address at Room 209, No. 8 Songgang Street, Cen Village, Changxing Avenue, Tianhe District, Guangzhou, and its legal representative being Han Jian ("**Company**").

3. Guangzhou Xiaopeng Motors Technology Co., Ltd., with its registered address at No. 8 Songgang Street, Cen Village, Changxing Avenue, Tianhe District, Guangzhou, and its legal representative being He Xiaopeng ("**Pledgee**").

Each of the above parties is hereinafter referred to individually as a "**Party**", and collectively as the "**Parties**".

Whereas,

1. On the execution date of this Agreement, the Pledgor is registered shareholder of the Company. The Pledgor holds 50% equity of the Company according to law (hereinafter referred to as the "Pledgor's Equity"). The Pledgor's capital contribution in the registered capital of the Company is RMB5,000,000 (SAY RMB FIVE MILLION ONLY), accounting for 50% of the shares. The basic information of the Company is shown in Exhibit 1.

2. The Parties entered into the Power of Attorney on April 20, 2024. According to the Power of Attorney, the Pledgor irrevocably and exclusively authorized the person to be designated by the Pledgee to exercise his voting power at the Company on his half.

3. The Pledgee, the Pledgor, and He Tao and Xia Heng entered into the Tripartite Agreement on the Comprehensive Assignment of Rights and Obligations under the Loan Agreement on April 20, 2024. According to the Agreement, the Pledgor succeeds to all the rights and obligations of He Tao and Xia Heng as the borrowers under the Loan Agreement ("Loan Agreements") between He Tao, Xia Heng and the Pledgee on September 6, 2021.

4. The Company and the Pledgee entered into the Exclusive Service Agreement ("**Service Agreement**") on April 20, 2024. According to the Service Agreement, the Company engages the Pledgee exclusively to provide relevant services, and agrees to pay corresponding service fees to the Pledgee for such services.

5. The Parties entered into the Exclusive Option Agreement ("**Option Agreement**") on April 20, 2024. According to the Option Agreement, upon the request of the Pledgee, the Pledgor and the Company shall, subject to the PRC Laws, transfer part or whole of his Equity or part or whole of the Company's assets to the Pledgee and/or its designated entity and/or individual according to the requirements of the Pledgee, or the Company shall reduce its capital and allow the Pledgee and/or its designated entity and/or individual to subscribe for the newly added registered capital of the Company.

6. As the security for performance of the Contractual Obligations (as defined below) and repayment of the Secured Debts (as defined below) by the Pledgor, the Pledgor is willing to create a pledge over his Equity in favor of the Pledgee and grant the Pledgee the first-rank pledge right, and the Company agrees to such equity interest pledge arrangement.

Now, therefore, the Parties agree as follows upon consensus through negotiation:

1. Definitions

1.1 The following terms used in this Agreement have the meanings below, unless the context requires otherwise:

"Contractual Obligations"	Means all the contractual obligations of the Pledgor under the Power of Attorney, the Loan Agreement and the Option Agreement (including but not limited to the obligation of repaying loan under the Loan Agreement); all the contractual obligations of the Company under the Power of Attorney, the Service Agreement and the Option Agreement; all the contractual obligations of the Pledgor and the Company under this Agreement.
"Secured Debts"	Means all direct, indirect or consequential losses and the loss of expected income suffered by the Pledgee from any Breaching Event (as defined below) of the Pledgor and/or the Company, the amount of which is based on (but not limited to) the reasonable business plan and profit forecast of the Pledgee, as well as all expenses incurred by the Pledgee for enforcing the Pledgor and/or the Company to perform their Contractual Obligations.
"Transaction Agreements"	Means the Power of Attorney, the Service Agreement, the Loan Agreement and the Option Agreement.
"Breaching Event"	Means the breach by any Pledgor of any of his Contractual Obligations under the Power of Attorney, the Loan Agreement, the Option Agreement and/or this Agreement, and the breach by the Company of any of its Contractual Obligations under the Power of Attorney, the Service Agreement, the Option Agreement and/or this Agreement,.
"Pledged Equity Interest"	Means the entire Equity held by the Pledgor when this Agreement becomes effective and to be pledged in favor of the Pledgee according to this Agreement as the security for the performance by the Pledgor and the Company of the Contractual Obligations, as well as the capital contribution and dividend increased according to Article 2.6 and Article 2.7 hereof.
"PRC Laws"	Means the currently valid laws, administrative regulations, administrative rules, local regulations, judicial interpretations and other binding normative documents of the People's Republic of China.

1.2 Any reference to any PRC Laws shall be reference to: (i) those laws as amended, modified, supplemented and restated, whether they become effective before or after the conclusion of this Agreement; and (ii) other decisions, notices and regulations prepared or effective under the PRC Laws.

1.3 Unless the context requires otherwise, any reference to any articles, paragraphs, subparagraphs or items herein are reference to the articles, paragraphs, subparagraphs or items of this Agreement.

2. Pledge of Equity Interest

2.1 The Pledgor hereby agrees to create a pledge in favor of the Pledgee over the Pledged Equity Interest he legally owns and has the lawful right to dispose of according to the provisions of this Agreement, as the security for performance of the Contractual Obligations and repayment of the Secured Debts by the Pledgor. The Company hereby agrees to the Pledgor' creation of the above pledge according to the provisions of this Agreement.

2.2 The Pledgor undertakes to procure the equity interest pledge arrangement hereunder ("**Pledge of Equity Interest**") to be recorded on the register of shareholders of the Company on the Execution Date. The Pledgor further undertakes to use his best efforts and take all necessary measures to promptly complete the registration of the Pledge of Equity Interest with the market regulation administration having jurisdiction over the Company after the Execution Date.

2.3 During the term of this Agreement, the Pledgee is not responsible for any decrease in the value of the Pledged Equity Interest, except for that caused by the intentional misconduct or gross negligence having direct causation with the result of the Pledgee, and the Pledgor has no right to make any claim or demand against the Pledgee.

2.4 Without breaching the above Article 2.3, if there is any possibility that the value of the Pledged Equity Interest will be significantly reduced, which is enough to harm the rights of the Pledgee, the Pledgee may auction or sell the Pledged Equity Interest on behalf of the Pledgor at any time, and reach an agreement with the Pledgor to use the proceeds from the auction or sale to prepay the Secured Debts or lodge the proceeds with the notary at the place of the Pledgee (the cost of which shall be borne by the Pledgor). In addition, at the request of the Pledgee, the Pledgor shall provide other property as security of the Secured Debts.

2.5 When any Breaching Event occurs, the Pledgee has the right to dispose of the Pledged Equity Interest according to the provisions of Article 4 hereof.

2.6 The Pledgor may increase the capital of the Company only with prior consent of the Pledgee. Any additional capital contribution of the Pledgor made to the registered capital of the Company due to capital increase of the Company shall be part of the Pledge Equity. The Pledgor shall complete the pledge registration of the Equity corresponding to such additional capital contribution with the market regulation administration having jurisdiction over the Company.

2.7 The Pledgor may receive dividend or bonus in respect of the Pledged Equity Interest only with prior consent of the Pledgee. The dividend or bonus received by the Pledgor in respect of the Pledged Equity Interest shall be deposited into the account designated by the Pledgee, supervised by the Pledgee, and used first for repayment of the Secured Debts.

2.8 The Pledgee has the right to dispose of any Pledged Equity Interest of the Pledgor according to the provisions of this Agreement after any Breaching Event occurs.

3. Release of Pledge

3.1 After the Pledgor and the Company fully and completely perform all Contractual Obligations and repay all Secured Debts, the Pledgee shall, at the request of the Pledgor, release the Pledge of Equity Interest hereunder, and cooperate with the Pledgor to cancel the registration of the Pledge of Equity Interest on the register of shareholders of the Company and with the competent market regulation administration. The reasonable cost for the release of the Pledge of Equity Interest shall be borne by the Pledgee.

4. Disposal of the Pledged Equity Interest

4.1 The Parties hereby agree that if any Breaching Event occurs the Pledgee has the right to all remedial rights and powers it enjoys under the PRC Laws, the Transaction Agreements and this Agreement after giving a written notice to the Pledgor, including but not limited to auctioning or selling the Pledged Equity Interest and receiving payment from the proceeds in the first place. The Pledgee shall not be liable for any loss caused by its reasonable exercise of such rights and powers.

The Pledgor further acknowledges and agrees that his breach of Article 9 hereof shall constitute a material breach of this Agreement. The Company further acknowledges and agrees that its breach of Article 10 hereof shall constitute a material breach of this Agreement.

4.2 The Pledgee has the right to appoint in writing its lawyer or other agent to exercise any or all of the above rights and powers, to which the Pledgor or the Company shall not raise any objection.

4.3 The Pledgee has the right to deduct any reasonable cost incurred in its exercise of any or all of the above rights and powers from any amount it obtains from such exercise.

4.4 The amount obtained by the Pledgee from exercise of the above rights and powers shall be distributed:

First, for payment of disposal of the Pledged Equity Interest and all costs incurred by the Pledgee for exercise of its rights and powers (including paying the remuneration of its lawyer and agent);

Second, for payment of the taxes on the disposal of the Pledged Equity Interest; and

Third, for repayment of the Secured Debts to the Pledgee.

If there is any remaining amount after the above distribution, the Pledgee shall return such remaining amount to the Pledgor or other person entitled to such amount according to relevant laws and regulations, or lodge such amount with the notary at the lace of the Pledgee (the cost of which shall be borne by the Pledgee).

4.5 The Pledgee has the right to exercise its remedies for breach of contract at the same time or successively. The Pledgee is not required to exercise other remedies first before exercising the right hereunder to auction or sell the Pledged Equity Interest.

5. Costs and Expenses

5.1 The Parties shall respectively bear all costs and expenses incurred relating to the creation of the Pledge of Equity Interest hereunder, including but not limited to the stamp duty, any other taxes and all legal costs.

6. Continuing Security and No Waiver

6.1 The Pledge of Equity Interest created hereunder is a continuing security, and is valid until the Contractual Obligations are fully performed or the Secured Debts are fully repaid, whichever is later. No waiver or grace by the Pledgee of any breach of the Pledgor, or any delay of the Pledgee in exercising its right under the Transaction Agreements and this Agreement, shall affect the Pledgee's right under this Agreement, relevant PRC Laws and the Transaction Agreements to request the Pledgor to strictly perform the Transaction Agreements and this Agreement at any time, or any right enjoyed by the Pledgee due to any subsequent breach by the Pledgor of the Transaction Agreements and/or this Agreement.

7. Representations and Warranties of the Pledgor

The Pledgor represents and warrants to the Pledgee that

7.1 He is a natural person of full capacity for civil acts according to the PRC Laws, has full and separate legal status and capacity to execute, deliver and perform this Agreement, and can sue and be sued independently.

7.2 All reports, documents and information provided by them before effectiveness of this Agreement with respect to the Pledgor and all matters required by this Agreement are true, correct, complete and not misleading in all material respects when this Agreement becomes effective.

7.3 All reports, documents and information provided by them after effectiveness of this Agreement with respect to the Pledgor and all matters required by this Agreement are true and valid in all material respects when they are provided.

7.4 When this Agreement becomes effective, the Pledgor is the sole legal owner of the Pledged Equity Interest and there is not any pending or potential dispute over the title to the Pledged Equity Interest or any third party's claim. The Pledgor has the right to dispose of the Pledged Equity Interest or any part thereof.

7.5 Except for the security interest created over the Pledged Equity Interest under this Agreement or any right created under the Transaction Agreements, there is not any other security interest, any third party's interest and other restrictions over the Pledged Equity Interest.

7.6 The Pledged Equity Interest may be pledged and transferred legally, and the Pledgor has full right and power to pledge the Pledged Equity Interest in favor of the Pledgee according to the provisions hereof.

7.7 This Agreement shall constitute legal, valid and binding obligations of the Pledgor after the Pledgor properly signs it.

7.8 Except for the equity interest pledge registration with the competent market regulation administration, any consent, permission, waiver or authorization of any third party or the approval, permit, waiver, registration or filing (if required by law) of any government authority required by execution and performance of this Agreement and the Pledge of Equity Interest under this Agreement have been obtained or completed, and shall remain fully valid during the term of this Agreement.

7.9 The execution and performance by the Pledgor of this Agreement shall not violate or contradict to any law applicable to him, any agreement to which he is a party or by which he is bound, or any court's decision, arbitrator's award, or any administrative authority's decision.

7.10 The pledge hereunder constitutes the firs-rank security interest over the Pledged Equity Interest.

7.11 All taxes and fees payable on the Pledged Equity Interest have been fully paid by the Pledgor.

7.12 There is no pending or, to the knowledge of the Pledgor, threatened litigation, legal proceeding or claim at any court, arbitral tribunal or government or administrative authority against the Pledgor or his property or the Pledged Equity Interest that will have material or adverse effect on the Pledgor' economic condition or his ability to perform the obligations or the security liabilities hereunder.

7.13 The Pledgor hereby warrants to the Pledgee that the above representations and warranties are true and correct and will be fully complied with before the Contractual Obligations are fully performed or the Secured Debts are fully repaid.

8. Representations and Warranties of the Company

The Company represents and warrants to the Pledgee that

8.1 The Company is a limited liability company duly established and validly existing under the PRC Laws who has separate legal personality, has full and separate legal status and capacity to execute, deliver and perform this Agreement, and can sue and be sued independently.

8.2 All reports, documents and information provided by the Company before effectiveness of this Agreement with respect to the Pledged Equity Interest and all matters required by this Agreement are true, correct, complete and not misleading in all material respects when this Agreement becomes effective.

8.3 All reports, documents and information provided by the Company after effectiveness of this Agreement with respect to the Pledged Equity Interest and all matters required by this Agreement are true and valid in all material respects when they are provided.

8.4 This Agreement shall constitute legal, valid and binding obligations of the Company after the Company properly signs it.

8.5 It has full internal corporate power and authority to execute and deliver this Agreement and all other documents relating to the transaction contemplated hereunder and to be executed, and has full power and authority to complete the transaction contemplated hereunder.

8.6 There is no pending or, to the knowledge of the Company, threatened litigation, legal proceeding or claim at any court, arbitral tribunal or government or administrative authority against the Pledged Equity Interest or the Company or its assets that will have material or adverse effect on the Company's economic conditions or the Pledgor' ability to perform the obligations or the security liabilities hereunder.

8.7 The Company hereby agrees to be jointly and severally liable for the representations and warranties made by the Pledgor under Articles 7.4, 7.5, 7.6, 7.8, and 7.10 hereof.

8.8 The Company hereby warrants to the Pledgee that the above representations and warranties are true and correct and will be fully complied with before the Contractual Obligations are fully performed or the Secured Debts are fully repaid.

9. Undertakings of the Pledgor

The Pledgor hereby agrees and irrevocably undertakes to the Pledgee as follows:

9.1 Without the prior written consent of the Pledgee, the Pledgor will not create or permit the creation of any new pledge or other security interest over the Pledged Equity Interest, and any pledge or other security interest created over part or whole of the Pledged Equity Interest without the prior written consent of the Pledgee shall be void.

9.2 Without prior written notice to and prior written consent of the Pledgee, (i) the Pledgor will not transfer or otherwise dispose of the Pledged Equity Interest, or request the Company to reduce its capital, and any such acts taken by the Pledgor without prior consent of the Pledgee shall be void; (ii) the Pledgor will not assist or permit other existing shareholder (if applicable) to take the above acts without the prior written consent of the Pledgee. The proceeds of the transfer or other disposal of the Pledged Equity Interest by the Pledgor shall be first used to repay the Secured Debts to the Pledgee or lodged with the third person agreed with the Pledgee.

9.3 When any legal action, arbitration or other claim occurs and may have adverse effect on the interest of the Pledgor or the Pledgee under the Transaction Agreements and this Agreement or the Pledged Equity Interest, the Pledgor undertakes to promptly and timely notify the Pledgee in writing, and, at the reasonable request of the Pledgee, take all necessary actions to ensure the Pledgee's pledge interest in the Pledged Equity Interest.

9.4 The Pledgor undertakes to complete the registration of extending the Company's business period three (3) months before the Company's business period expires, to ensure the validity of this Agreement to continue.

9.5 The Pledgor will not take or permit any acts or behaviors that may have adverse effect on the Pledgee's interest under the Transaction Agreements and this Agreement or the Pledged Equity Interest.

9.6 After execution of this Agreement, the Pledgor shall use his best efforts and take all necessary actions to promptly complete the pledge registration of the Pledge of Equity Interest hereunder with relevant market regulation administration, and the Pledgor undertakes to take all necessary actions and sign all necessary documents (including but not limited to any supplemental agreement to this Agreement) at the reasonable request of the Pledgee, to ensure that the Pledgee may exercise and realize its pledge interest in the Pledged Equity Interest and relevant rights.

9.7 If the exercise of the pledge hereunder causes transfer of the Pledged Equity Interest, the Pledgor undertakes to take all actions to realize such transfer.

9.8 Where a shareholders' decision is made or a meeting of the shareholders or board of directors of the Company is convened to execute this Agreement or create or exercise the pledge hereunder, the Pledgor shall ensure the decision or the convening procedure, voting method and content of the meeting shall not violate any laws, administrative regulations of articles of association of the Company.

9.9 The Pledgor will immediately, without any delay, notify the Pledgee of any circumstance that the Pledged Equity Interest held by them may be transferred to any third party other than the Pledgee or its designated individual or entity due to any applicable PRC Laws, the decision or award of any court or arbitrator, or any other reasons, once he knows or should have known such circumstance.

10. Undertakings of the Company

The Company hereby agrees and irrevocably undertakes to the Pledgee as follows:

10.1 If the execution and performance of this Agreement and the Pledge of Equity Interest hereunder are subject to any consent, permission, waiver or authorization of any third party or the approval, permit, waiver, registration or filing (if required by law) of any government authority, it will use its best effort to assist to obtain the same and maintain the same fully valid during the term of this Agreement.

10.2 Without the prior written consent of the Pledgee, the Company will not assist or permit the Pledgor to create any new pledge or other security interest over the Pledged Equity Interest.

10.3 Without the prior written consent of the Pledgee, the Company will not assist or permit the Pledgor to transfer or otherwise dispose of the Pledged Equity Interest.

10.4 When any legal action, arbitration or other claim occurs and may have adverse effect on the Company, the Pledged Equity Interest, or the interest of the Pledgee under the Transaction Agreements and this Agreement, the Company undertakes to promptly and timely notify the Pledgee in writing, and, at the reasonable request of the Pledgee, take all necessary actions to ensure the Pledgee's pledge interest in the Pledged Equity Interest.

10.5 The Company undertakes to complete the registration of extending the Company's business period three (3) months before the Company's business period expires, to ensure the validity of this Agreement to continue.

10.6 The Company will not take or permit actions, behaviors or inactions that may have adverse effect on the interest of the Pledgee under the Transaction Agreements and this Agreement or the Pledged Equity Interest.

10.7 The Company will provide the Pledgee with the financial statements of the previous calendar quarter, including but not limited to the balance sheet, the income statement and the cash flow statement, within the first month of every calendar quarter.

10.8 The Company undertakes to take all necessary actions and sign all necessary documents (including but not limited to any supplemental agreement to this Agreement) at the reasonable request of the Pledgee, to ensure that the Pledgee may exercise and realize its pledge interest in the Pledged Equity Interest and relevant rights.

10.9 In the event of any transfer of the Pledged Equity Interest resulting from the exercise of the right of pledge hereunder, the Company warrants that it shall take all the necessary actions to effect such transfer.

10.10 The Company undertakes that after execution of this Agreement it will promptly assist the Pledgor to apply for the pledge registration of the Pledge of Equity Interest hereunder with relevant market regulation administration, and provide all necessary cooperation to complete the registration promptly.

10.11 The Company will immediately, without any delay, notify the Pledgee of any circumstance that the Pledged Equity Interest held by the Pledgor may be transferred to any third party other than the Pledgee or its designated individual or entity due to any applicable PRC Laws, the decision or award of any court or arbitrator, or any other reasons, once it knows or should have known such circumstance.

11. Change of Situation

11.1 In addition to and without breaching other provisions of the Transaction Agreements and this Agreement, if the Pledgee believes that maintaining the validity of this Agreement and/or disposing the Pledged Equity Interest in the way specified in this Agreement become illegal or contradict to any laws, regulations or rules, due to the change to the interpretation or application of such laws, regulations or rules or due to the change of relevant registration procedure, the Pledgor and the Company shall immediately take any actions and/or sign any agreements or other documents pursuant to the written instruction and at the reasonable request of the Pledgee, to:

(a) Maintain the validity of this Agreement;

(b) Benefit the disposal of the Pledged Equity Interest in the way specified in this Agreement; and/or

(c) Maintain or realize the security created or purported to create under this Agreement.

12. Effectiveness and Term of the Agreement

12.1 This Agreement becomes effective when the Parties properly sign it.

12.2 This Agreement shall remain valid until the Contractual Obligations are fully performed or the Secured Debts are fully repaid, whichever is later.

13. Notice

13.1 Any notice, request, demand or other communication required by or made under this Agreement shall be in writing and sent to relevant Parties.

13.2 Where the above notice or other communication is sent by fax or email, it will be deemed delivered when it is sent. Where the above notice or other communication is sent by personal delivery, it will be deemed delivered when it is submitted in person. Where the above notice or other communication is sent by mail, it will be deemed delivered two (2) days after it is posted.

14. Miscellaneous

14.1 The Pledgor and the Company agree that after the Pledgee may transfer its rights and/or obligations to any third party after giving notices to the Pledgor and the Company. However, the Pledgor or the Company shall not transfer any right, obligation or liability hereunder to any third party, without the prior written consent of the Pledgee.

14.2 The amount of the Secured Debts confirmed by the Pledgee when it exercises the pledge right to the Pledged Equity Interest according to the provisions hereof shall be the conclusive evidence of the Secured Debts hereunder.

14.3 This Agreement is written in Chinese. This Agreement is made in five (5) counterparts, with the Company holding one (1) counterpart, one (1) counterpart filed with the government authority for approval/registration, and the remaining counterparts maintained by the Pledgee.

14.4 The conclusion, validity, interpretation and dispute resolution of this Agreement shall be governed by the PRC Laws.

14.5 Dispute Resolution

(a) Any dispute arising from or relating to this Agreement shall be resolved first through the friendly negotiation between the Parties. If negotiation fails, the dispute shall be submitted to China International Economic and Trade Arbitration Commission for arbitration according to the arbitration rules of the Commission effective at the time of submission. The arbitration will be carried out in Shenzhen. The arbitration award is final and binding upon relevant Parties. Unless the arbitration award decides otherwise, the arbitration cost shall be borne by the losing Party. The losing Party shall further reimburse the winning Party's attorney fee and other expenses.

(b) During the period of dispute resolution, the Parties shall continue to perform other provisions of this Agreement except for the disputed matter.

(c) The Parties hereby specifically acknowledge and undertake that, subject to the laws of China, the arbitrators shall have the right to make an appropriate award according to the actual situation to provide Party B with appropriate legal remedies, including but not limited to restricting Party A's business operation, restricting and/or disposing of Party A's equity or assets (including land) (including but not limited to using the same as compensation), prohibiting the transfer or disposal or making other relevant remedies, and liquidating Party A, etc. The Parties shall implement such award.

(d) The Parties hereby specifically acknowledge and undertake that, subject to the laws of China, as property preservation or enforcement measures, at the request of one Party to the dispute, the court with jurisdiction shall have the right to make a ruling or judgment before the arbitration tribunal is formed or under other appropriate circumstances permitted by law to provide provisional reliefs to the Party, such as making detaining or freezing judgment or ruling on the property of the defaulting party or the equity of the company. Such rights of the Party and the judgment or ruling made by the court thereon shall not affect the validity of the above arbitration clause agreed upon by the Parties.

(e) After the arbitration award comes into effect, either Party shall have the right to apply to the court with jurisdiction to enforce the arbitration award.

(f) The Parties agree that the competent court at the place where (1) Hong Kong Special Administrative Region; (2) the place of registration of XPeng Inc.; (3) the place of registration of Party A (i.e. Guangzhou); and (4) the major assets of XPeng Inc. or Party A are located shall be deemed the court with jurisdiction for the purposes of this Article.

14.6 Any rights, powers and remedies granted to either Party under any provision of this Agreement shall not preclude any other rights, powers or remedies granted to the Party under laws or other provisions hereof. No exercise by either Party of its rights, powers or remedies will preclude the exercise by the Party of other rights, powers or remedies.

14.7 No failure or delay to exercise by either Party of its rights, powers or remedies under this Agreement or laws ("**Party's Rights**") will constitute waiver of such rights, and no single or partial waiver of the Party's Rights will preclude exercise by the Party of such rights in other way or of other rights.

14.8 The headings hereof are inserted for reference only, and shall not be used for or affect the interpretation of any provisions hereof.

14.9 The provisions hereof are severable and independent from other provisions. If any or several provisions hereof are decided invalid, illegal or unenforceable at any time, the validity, legality and enforceability of other provisions hereof shall not be affected.

14.10 If the Stock Exchange of Hong Kong Limited or other regulatory authorities propose any amendments to this Agreement, or if there are any changes related to this Agreement in the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited or related requirements, the Parties shall amend this Agreement accordingly.

14.11 This Agreement, once signed, shall supersede any other legal documents signed by the Parties with respect to the same subject matter, including the Equity Pledge Agreement dated September 6, 2021 among the the Pledgor, the Pledgee, the Company, He Tao and Xia Heng. Any amendment or supplement to this Agreement must be made in writing, and shall become effective after the Parties properly sign it, except that the Pledgee transfers its rights hereunder according to Article 14.1.

14.12 Any amendment or supplement to this Agreement must be made in writing, and shall become effective after the Parties properly sign it, except that the Pledgee transfers its rights hereunder according to Article 14.1.

14.13 This Agreement shall bind and inure to the benefit of the legal assigns and successors of the Parties. The successors or permitted assigns (if any) of the Pledgor and the Company shall continue to perform the obligations of the Pledgor and the Company hereunder. The Pledgor warrants to the Pledgee that he has taken all proper measures and signed all required documents so that when he goes into bankruptcy, is liquidated, or suffers other circumstance that may affect his exercise of his equity, his legal assigns, successors, creditors, liquidators, administrators, and other persons who may obtain the equity in the Company or relevant rights shall not affect or prevent performance of this Agreement. For this purpose, the Pledgor and the Company shall promptly sign all other documents and take all other actions (including but not limited to notarizing this Agreement) required by the Pledgee.

14.14 At the same time of signing this Agreement, the Pledgor shall sign a Power of Attorney ("**POA**", in the form of Exhibit 2 attached hereto), authorizing the person designated by the Pledgee to sign any and all legal documents required for the Pledgee's exercise any right hereunder on behalf of the Pledgor according to this Agreement. The POA shall be maintained by the Pledge, and if necessary, the Pledgee may submit the POA with relevant government authority at any time.

[The remainder of this page is intentionally left blank. Signature page follows.]

[Signature page of the Equity Interest Pledge Agreement]

Chen Zhiyuan

Signature: /s/ Chen Zhiyuan

[Signature page of the Equity Interest Pledge Agreement]

Guangzhou Zhipeng Internet of Vehicle Technology Co., Ltd. (seal)

Legal representative: Han Jian

Signature: /s/ Han Jian

[Signature page of the Equity Interest Pledge Agreement]

Guangzhou Xiaopeng Motors Technology Co., Ltd. (seal)

Legal representative: He Xiaopeng

Signature: /s/ He Xiaopeng

Exhibit 1:

Basic Information of the Company

Company name	Guangzhou Zhipeng Internet of Vehicle Technology Co., Ltd.
Registered address	Room 209, No. 8 Songgang Street, Cen Village, Changxing Avenue, Tianhe District, Guangzhou
Registered capital	RMB ten million
Legal representative	Han Jian
Shareholding structure:	

Shareholder	Shareholding percentage	Subscribed capital contribution (RMB)
Chen Zhiyuan	50%	Five million
Guangzhou Xiaopeng Motors Technology Co., Ltd.	50%	Five million

Exhibit 2:

Power of Attorney

I, Chen Zhiyuan, hereby irrevocably authorize _____ (_____), as the agent of the Company, to sign all legal documents required or desired for the exercise by Guangzhou Xiaopeng Motors Technology Co., Ltd. of the rights under the Equity Interest Pledge Agreement entered into by me, the Company and Guangzhou Zhipeng Internet of Vehicle Technology Co., Ltd.

The Principal: Chen Zhiyuan

Signature:

Date: April 20, 2024

Exhibit 4.4

Execution Version

Power of Attorney

Between

Chen Zhiyuan

And

Guangzhou Zhipeng Internet of Vehicle Technology Co., Ltd.

And

Guangzhou Xiaopeng Motors Technology Co., Ltd.

In relation to Guangzhou Zhipeng Internet of Vehicle Technology Co., Ltd.

April 20, 2024

Power of Attorney

This Power of Attorney t ("**Agreement**") is made by the following parties on April 20, 2024 ("**Execution Date**"):

1. Chen Zhiyuan (ID No.: XXXXXXXXXX) ("**Existing Shareholder**");

   Contact address: No. 4 Jiangong Road, Tianhe District, Guangzhou

2. Guangzhou Zhipeng Internet of Vehicle Technology Co., Ltd., with its registered address at Room 209, No. 8 Songgang Street, Cen Village, Changxing Avenue, Tianhe District, Guangzhou, and its legal representative being Han Jian ("**Company**").

3. Guangzhou Xiaopeng Motors Technology Co., Ltd., with its registered address at No. 8 Songgang Street, Cen Village, Changxing Avenue, Tianhe District, Guangzhou, and its legal representative being He Xiaopeng ("**WFOE**").

Each of the above parties is hereinafter referred to individually as a "**Party**", and collectively as the "**Parties**".

Whereas,

1. On the execution date of this Agreement, the capital contribution of the Existing Shareholder in the registered capital of the Company is RMB5 million, accounting for 50% of the shares.

2. The Existing Shareholder intends to entrust the person designated by the WFOE to exercise his voting power and decision-making power in the Company, and the WFOE intends to designate the person to accept the entrustment.

Now, therefore, the Parties agree as follows upon consensus through negotiation:

1. <u>Grant of Proxy Powers</u>

1.1 The Existing Shareholder hereby irrevocably undertakes that after the execution of this Agreement, he will respectively sign a Power of Attorney in the substance and form as shown in Schedule 1 hereto, authorizing any director or the successor of the director (including the liquidator who replaces the director and his successor) of the WFOE or its direct or indirect shareholders designated by the WFOE, excluding persons who are not independent or will have conflicts of interest, and for the avoidance of doubt, such proxies shall not include the Existing Shareholder and shall not be the "contacts" of the Existing Shareholder as defined in the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited (hereinafter referred to as "**Proxies**"), to exercise the following rights enjoyed by the Existing Shareholder as shareholder of the Company according to the Articles of Association of the Company then in effect on his behalf (hereinafter referred to as "**Entrusted Rights**"):

   (a) Representing the Existing Shareholder to propose to convene and attend the shareholders' meeting of the Company according to the Articles of Association;

   (b) Representing the Existing Shareholder to exercise voting rights on all matters to be discussed and resolved at the shareholders' meeting, sign meeting minutes, and make and sign resolutions, including but not limited to: appointing and electing directors, supervisors and other senior management personnel of the Company to be appointed and removed by shareholders; disposing of assets of the Company; amending the Articles of Association; dissolving or liquidating the Company, forming a liquidation group on behalf of the Existing Shareholder, and exercising the powers enjoyed by the liquidation group during the liquidation period according to law;

   (c) Representing the Existing Shareholder to submit any required documents to relevant company registration agencies or other relevant authorities;

(d) Any shareholders' rights and other shareholders' voting rights provided in applicable laws and regulations of China and the Articles of Association (including any other shareholders' rights and voting rights stipulated under the Articles of Association as amended);

(e) Subject to subsection (b) of section 1.1, when the Existing Shareholder transfers his equity in the Company, agrees to the transfer of the Company's assets, reduces his capital contribution to the Company, or accepts the additional capital contribution by the WFOE to the Company according to the Exclusive Option Agreement signed by the Existing Shareholder on the Execution Date, signing relevant equity transfer agreement, asset transfer agreement (if applicable), capital reduction agreement, capital increase agreement, shareholders' decision and other relevant documents, and completing the governmental approval, registration, filing and other procedures required for such transfer, capital reduction or capital increase, on behalf of the Existing Shareholder;

(f) Subject to the laws and regulations of China and the Articles of Association, instructing the directors and senior management personnel of the Company to act at the instructions of the WFOE and its designee.

The above authorization of Powers is subject to consent of WFOE. When and only if the WFOE issues to the Existing Shareholder a written notice of removing or replacing the Proxy, the Existing Shareholder shall immediately entrust other person designated then by the WFOE to exercise the above Powers. The new authorization shall supersede the original one immediately after it is made. Except the foregoing, the Existing Shareholder shall not revoke any authorization to or Powers of the Proxy.

1.2 The Proxy shall perform his/her duties diligently and carefully to the extent of the Powers hereunder. The Existing Shareholder shall acknowledge and assume corresponding liabilities for any legal consequences of exercising the above Powers by the Proxy.

1.3 The Existing Shareholder hereby acknowledges that the Proxy is not required to seek for opinions of the Existing Shareholder when exercising the above Powers.

2. Right of Information

2.1 The Proxy has the right to know relevant information of the operation, business, client, finance, employee, etc. of the Company, and consult relevant documents of the Company, to exercise the Powers. The Company and the Existing Shareholder shall provide full cooperation.

3. Exercise of the Powers

3.1 The Existing Shareholder shall provide full assistance for the Proxy to exercise the Powers, including prompt signing of the shareholders' decision made by the Proxy or other related legal documents when necessary (for example, to meet the requirements of the government authority on submitting documents for approval, registration, and filing).

3.2 If it is unable to grant or exercise the Powers due to any reason (except the breach of the Existing Shareholder or the Company) at any time during the term of this Agreement, the Parties shall immediately seek an alternative closed to the unachievable provisions, and enter into a supplemental agreement when necessary to amend or adjust the provisions, to ensure the purpose of this Agreement can be achieved.

4. Exemption of Liability and Indemnification

4.1 The Parties acknowledge that in no event will the WFOE be liable in any way to other Parties or any third party or make any economic or other compensation with respect to the exercise by the person designated by it of the Powers.

4.2 The Existing Shareholder and the Company agree to indemnify the WFOE and hold the WFOE harmless from all losses the WFOE suffers or may suffer from the exercise by the Proxy of the Powers, including but not limited to any losses arising from any litigation, demand, arbitration, claim or assertion of rights by any third party, or any administrative investigation or penalty by any government authority, except for any loss caused by the intentional misconduct or gross negligence of the Proxy.

5. Representations and Warranties

5.1 The Existing Shareholder hereby represents and warrants that:

(a) The Existing Shareholder is a natural person of full capacity for civil acts according to the PRC Laws, has full and separate legal status and capacity to execute, deliver and perform this Agreement, and can sue and be sued independently.

(b) The Company is a limited liability company duly established and validly existing under the PRC Laws who has separate legal personality, has full and separate legal status and capacity to execute, deliver and perform this Agreement, and can sue and be sued independently.

(c) The Existing Shareholder has full power and authority to execute, deliver and perform this Agreement and all other documents relating to the transaction contemplated hereunder and to be executed, and has full power and authority to complete the transaction contemplated hereunder. This Agreement is executed and delivered by them legally and properly, constitutes legal and binding obligations of them, and is enforceable against them according to its terms.

(d) The Existing Shareholder is the registered legal owner of the Company when this Agreement becomes effective, and there is not any third party's rights over the Powers, except for the rights created under this Agreement, the Equity Interest Pledge Agreement and the Exclusive Option Agreement entered into between the Existing Shareholder on April 20, 2024, the Company and the WFOE. According to this Agreement, the Proxy can fully and completely exercise the Powers according to the current articles of association of the Company.

(e) The Existing Shareholder shall not make any proposal, claim or request to amend, modify, terminate or otherwise change the articles of association of the Company, without consent of the WFOE.

5.2 The Existing Shareholder hereby irrevocably undertakes to the WFOE that he will immediately, without any delay, notify the WFOE of any circumstance that the equity held by them in the Company may be transferred to any third party other than the WFOE or its designated individual or entity due to any applicable law, the decision or award of any court or arbitrator, or any other reasons, once he knows or should have known such circumstance.

5.3 The WFOE and the Company hereby severally but not jointly represent and warrant that:

(a) It is a limited liability company duly established and validly existing under the PRC Laws who has separate legal personality, has full and separate legal status and capacity to execute, deliver and perform this Agreement, and can sue and be sued independently.

(b) It has full internal corporate power and authority to execute, deliver and perform this Agreement and all other documents relating to the transaction contemplated hereunder and to be executed, and has full power and authority to complete the transaction contemplated hereunder.

5.4 The Company further represents and warrants that:

(a) The Existing Shareholder is the registered legal owner of the Company when this Agreement becomes effective, and there is not any third party's rights over the Powers, except for the rights created under this Agreement, the Equity Interest Pledge Agreement and the Exclusive Option Agreement entered into between the Existing Shareholder on April 20, 2024, the Company and the WFOE. According to this Agreement, the Proxy can fully and completely exercise the Powers according to the current articles of association of the Company.

5.5 The Company hereby irrevocably undertakes to the WFOE that it will immediately, without any delay, notify the WFOE of any circumstance that the equity held by the Existing Shareholder in the Company may be transferred to any third party other than the WFOE or the individual or entity designated by the WFOE due to any applicable law, the decision or award of any court or arbitrator, or any other reasons, once it knows or should have known such circumstance.

6. Term of Agreement

6.1 Subject to Article 6.2 and Article 6.3, this Agreement is effective when the Parties officially sign it. This Agreement shall be valid for twenty (20) years, unless the Parties terminate it in writing in advance, or this Agreement is early terminated according to Article 9.1 hereof. This Agreement shall renew for one (1) year automatically when it original term or renewal term expires, unless the WFOE notifies the other Parties thirty (30) days in advance that this Agreement will not be renewed.

6.2 Where the business period of the Company or the WFOE expires and no approval or registration formalities on extension of the business period is gone through, this Agreement shall terminate when the business period of the Company or the WFOE expires.

6.3 If the Existing Shareholder transfers his whole equity in the Company upon prior consent of the WFOE, or no longer hold any equity in the Company after reduction of the Company's capital, he will no longer the Party to this Agreement (subject, however, to Articles 4, 5.1, 6, 7, 8, 9, and 10) and this Agreement shall terminate when the Existing Shareholder has completed relevant obligations of assistance hereunder, all required documents have been properly signed, and relevant internal corporate procedure of the Company and the approval, registration, filing and other procedure of the government have been completed.

7. Notice

7.1 Any notice, request, demand or other communication required by or made under this Agreement shall be in writing and sent to relevant Parties.

7.2 Where the above notice or other communication is sent by fax or email, it will be deemed delivered when it is sent. Where the above notice or other communication is sent by personal delivery, it will be deemed delivered when it is submitted in person. Where the above notice or other communication is sent by mail, it will be deemed delivered two (2) days after it is posted.

8. Confidentiality Obligations

8.1 Each Party shall keep strict confidential the business secrets, proprietary information, client information and other confidential information of the other Party obtained during the execution and performance of this Agreement ("**Confidential Information**") regardless of whether this Agreement has been terminated. The receiving Party shall not disclose any Confidential Information to any third party, except upon prior written consent of the disclosing Party or as required by applicable laws and regulations or the rules of the jurisdiction where the affiliate of a Party is listed. The receiving Party shall not use directly or indirectly any Confidential Information except for purpose of performing this Agreement.

8.2 The Parties acknowledge that the following information is not Confidential Information:

(a) The information obtained by the receiving Party by legal means before the disclosure, which is evidenced by written proof;

(b) The information that has entered public domain not through the fault of the receiving Party; or

(c) The information obtained by the receiving Party legally through other channel after receiving the information from the disclosing Party.

8.3 The receiving Party may disclose the Confidential Information to its relevant employees, agents or any engaged professionals, provided that it shall ensure such persons to comply with relevant terms and conditions of this Agreement and shall assume any liability arising from the breach by such persons of relevant terms and conditions of this Agreement.

8.4 Notwithstanding any other provisions hereof, this Article 8 shall survive the termination of this Agreement.

9. Liabilities for Breach of Contract

9.1 The Parties agree and acknowledge that if either Party ("**Breaching Party**") materially breaches any provision hereunder, or fails or delays to perform any material obligation hereunder, it will constitute a breach of this Agreement ("**Breach**"), and each of the other Parties ("**Non-breaching Parties**") has the right to request the Breaching Party to correct or take remedial measures within a reasonable period. If the Breaching Party fails to do so within a reasonable period or ten (10) days after the Non-breaching Parties give a written notice requesting correction, then:

(a) If the Existing Shareholder or the Company breaches, the WFOE has the right to terminate this Agreement and request the Breaching Parties (/Party) to compensate any damages;

(b) If the WFOE breaches, the Non-breaching Parties have the right to request the Breaching Party to compensate damages, provided, however, that the Non-breaching Parties have no right to terminate or rescind this Agreement, unless the laws provide otherwise mandatorily.

For purpose of this Article 9.1, the Company and the Existing Shareholder further acknowledges and agrees that his breach of Article 5 hereof will constitute a material breach of this Agreement.

9.2 Notwithstanding any other provisions hereof, this Article 9 shall survive the suspension or termination of this Agreement.

10. Miscellaneous

10.1 This Agreement is written in Chinese. This Agreement is made in five (5) counterparts, with the Company holding one (1) counterpart, one (1) counterpart filed with the government authority for approval/registration, and the remaining counterparts maintained by the WFOE.

10.2 The conclusion, validity, interpretation and dispute resolution of this Agreement shall be governed by the PRC Laws.

10.3 Dispute Resolution

(a) Any dispute arising from or relating to this Agreement shall be resolved first through the friendly negotiation between the Parties. If negotiation fails, the dispute shall be submitted to China International Economic and Trade Arbitration Commission for arbitration according to the arbitration rules of the Commission effective at the time of submission. The arbitration will be carried out in Shenzhen. The arbitration award is final and binding upon relevant Parties. Unless the arbitration award decides otherwise, the arbitration cost shall be borne by the losing Party. The losing Party shall further reimburse the winning Party's attorney fee and other expenses.

(b) During the period of dispute resolution, the Parties shall continue to perform other provisions of this Agreement except for the disputed matter.

(c) The Parties hereby specifically acknowledge and undertake that, subject to the laws of China, the arbitrators shall have the right to make an appropriate award according to the actual situation to provide Party B with appropriate legal remedies, including but not limited to restricting Party A's business operation, restricting and/or disposing of Party A's equity or assets (including land) (including but not limited to using the same as compensation), prohibiting the transfer or disposal or making other relevant remedies, and liquidating Party A, etc. The Parties shall implement such award.

(d) The Parties hereby specifically acknowledge and undertake that, subject to the laws of China, as property preservation or enforcement measures, at the request of one Party to the dispute, the court with jurisdiction shall have the right to make a ruling or judgment before the arbitration tribunal is formed or under other appropriate circumstances permitted by law to provide provisional reliefs to the Party, such as making detaining or freezing judgment or ruling on the property of the defaulting party or the equity of the company. Such rights of the Party and the judgment or ruling made by the court thereon shall not affect the validity of the above arbitration clause agreed upon by the Parties.

(e) After the arbitration award comes into effect, either Party shall have the right to apply to the court with jurisdiction to enforce the arbitration award.

(f) The Parties agree that the competent court at the place where (1) Hong Kong Special Administrative Region; (2) the place of registration of XPeng Inc.; (3) the place of registration of Party A (i.e. Guangzhou); and (4) the major assets of XPeng Inc. or Party A are located shall be deemed the court with jurisdiction for the purposes of this Article.

10.4 Any rights, powers and remedies granted to either Party under any provision of this Agreement shall not preclude any other rights, powers or remedies granted to the Party under laws or other provisions hereof. No exercise by either Party of its rights, powers or remedies will preclude the exercise by the Party of other rights, powers or remedies.

10.5 No failure or delay to exercise by either Party of its rights, powers or remedies under this Agreement or laws ("**Party's Rights**") will constitute waiver of such rights, and no single or partial waiver of the Party's Rights will preclude exercise by the Party of such rights in other way or of other rights.

10.6 The headings hereof are inserted for reference only, and shall not be used for or affect the interpretation of any provisions hereof.

10.7 The provisions hereof are severable and independent from other provisions. If any or several provisions hereof are decided invalid, illegal or unenforceable at any time, the validity, legality and enforceability of other provisions hereof shall not be affected.

10.8 If the Stock Exchange of Hong Kong Limited or other regulatory authorities propose any amendments to this Agreement, or if there are any changes related to this Agreement in the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited or related requirements, the Parties shall amend this Agreement accordingly.

10.9 This Agreement, once signed, shall supersede any other legal documents signed by the Parties with respect to the same subject matter, including the Power of Attorney entered into by He Tao, Xia Heng, the WFOE, and the Company on September 6, 2021. Any amendment or supplement to this Agreement must be made in writing, and shall become effective after the Parties properly sign it, except that the WFOE transfers its rights hereunder according to Article 10.10.

10.10 Without prior written consent of the WFOE, the other Parties shall not transfer its right and/or obligation hereunder to any third party. The other Parties agree that without their written consent, the WFOE has the right to transfer any right and/or obligation hereunder to any third party, provided that a written notice shall be given to the other Parties.

10.11 This Agreement shall bind and inure to the benefit of the legal assigns and successors of the Parties. The Existing Shareholder warrants to the WFOE that he has taken all proper measures and signed all required documents so that when he goes into bankruptcy, is liquidated, or suffers other circumstance that may affect his exercise of his equity, his legal assigns, successors, heirs, liquidators, administrators, creditors and other persons who may obtain the equity interest in the Company or relevant rights shall not affect or prevent performance of this Agreement. For this purpose, the Existing Shareholder and the Company shall promptly sign all other documents and take all other actions (including but not limited to notarizing this Agreement) required by the WFOE.

[The remainder of this page is intentionally left blank. Signature page follows.]

[Signature page of the Power of Attorney]

Chen Zhiyuan

Signature: /s/ Chen Zhiyuan

[Signature page of the Power of Attorney]

Guangzhou Zhipeng Internet of Vehicle Technology Co., Ltd. (seal)

Legal representative: Han Jian

Signature: /s/ Han Jian

[Signature page of the Power of Attorney]

Guangzhou Xiaopeng Motors Technology Co., Ltd. (seal)

Legal representative: He Xiaopeng

Signature: /s/ He Xiaopeng

Exhibit 1:

Power of Attorney

This power of attorney ("**POA**") is signed by Guangzhou Zhipeng Internet of Vehicle Technology Co., Ltd. on April 20, 2024 and issued to _____ (_____) ("**Proxy**").

I hereby grant to the Proxy a general authority to act as my agent and exercise, in my name, the following powers of mine, as a shareholder of Guangzhou Zhipeng Internet of Vehicle Technology Co., Ltd. ("**Company**"):

(1) Exercising the voting powers and decision-making powers on all matters to be decided by the shareholders on my behalf, including but not limited to nominating and appointing directors of the Company and other officers to be appointed and removed by shareholders;

(2) Exercising, as my agent, other shareholder's voting powers specified in the articles of association of the Company (including any other shareholder's voting powers specified in amended the articles of association of the Company); and

(3) When I transfer my equity in the Company, agree to the transfer of the Company's assets, reduce my capital contribution to the Company, or accept the additional capital contribution by the Guangzhou Xiaopeng Motors Technology Co., Ltd. ("**WFOE**") to the Company according to the Exclusive Option Agreement signed on the execution date of this Agreement, signing, as my agent, relevant equity transfer agreement, asset transfer agreement (if applicable), capital reduction agreement, capital increase agreement, shareholders' decision and other relevant documents, and completing the governmental approval, registration, filing and other procedures required for such transfer, capital reduction or capital increase.

I hereby irrevocably acknowledge that unless the WFOE issues an instruction to me requesting replacement of the Proxy, the POA shall remain valid until the Power of Attorney entered into between the WFOE, the Company and the Existing Shareholder on April 20, 2024 expires or terminates early.

[*No text below.*]

The Principal: Han Jian

Signature: /s/ Han Jian

Date: April 20, 2024

Exhibit 4.5

Tripartite Agreement
on the Comprehensive Assignment of Rights and Obligations
under the Loan Agreement

Party A: He Tao, Xia Heng

Contact address: Room 102, No. 8 Songgang Street, Cen Village, Changxing Avenue, Tianhe District, Guangzhou

Party B: Guangzhou Xiaopeng Motors Technology Co., Ltd.

Contact address: No. 8 Songgang Street, Cen Village, Changxing Avenue, Tianhe District, Guangzhou

Party C: Chen Zhiyuan

Contact address: No. 8 Songgang Street, Cen Village, Changxing Avenue, Tianhe District, Guangzhou

Whereas:

On September 6, 2021, Party A and Party B signed the Loan Agreement ("**Original Agreement**"). As of the date of signing this Agreement, Party A has not repaid Party B the principal loan amount of RMB 5 million under the Original Agreement. Following friendly negotiations and based on the actual situation, both Parties hereby reach the following consensus:

a. Party A transfers all rights and obligations legally enjoys under the Original Agreement to Party C. Upon the effectiveness of this Agreement, Party A will no longer enjoy any of the rights stipulated in the Original Agreement nor bear any of the obligations stipulated in the Original Agreement. Specifically, Party A does not need to pay any additional fees to Party C or Party B for the arrangement of transferring the rights and obligations of the Original Agreement under this Agreement.

b. Party C agrees to assume all the rights and obligations that Party A legally enjoys under the Original Agreement. Upon the effectiveness of this Agreement, Party C will enjoy all the rights stipulated for Party A in the Original Agreement and will assume all the obligations stipulated for Party A in the Original Agreement.

c. Party C agrees to continue to perform all the rights and obligations under the original contract to Party B in accordance with the terms of the original contract.

d. For avoidance of doubt, upon the effectiveness of this Agreement, Article 4.2 of the Original Agreement refers solely to the Exclusive Option Agreement signed by Party C, Party B, and other relevant Parties on April 20, 2024.

e. Party B agrees to the arrangements for the transfer of rights and obligations between Party B and Party C under this agreement, and as of the signing date of this Agreement, neither Party A nor Party B has encountered any disputes or controversies regarding the performance of the Original Agreement, and there are no existing overdue payments or other fees under the Original Agreement.

f. Upon the effectiveness of this Agreement, it shall become an integral part of the Original Agreement and shall have the same legal effect as the Original Agreement. In the event of any conflict between this Agreement and the Original Agreement, this Agreement shall prevail.

g. This Agreement is executed in triplicate with each party holding one copy, all of which have equal legal effect, and shall become effective from the date of signing and stamping by all three parties.

[The remainder of this page is intentionally left blank. Signature page follows.]

[Signature page of the Tripartite Agreement on the Comprehensive Assignment of Rights and Obligations under the Loan Agreement]

Party A: He Tao

Signature: /s/ He Tao

Date: April 20, 2024

[Signature page of the Tripartite Agreement on the Comprehensive Assignment of Rights and Obligations under the Loan Agreement]

Party A: Xia Heng

Signature: /s/ Xia Heng

Date: April 20, 2024

[Signature page of the Tripartite Agreement on the Comprehensive Assignment of Rights and Obligations under the Loan Agreement]

Party B: Guangzhou Xiaopeng Motors Technology Co., Ltd.

Legal representative (Signature): /s/ He Xiaopeng

Date: April 20, 2024

[Signature page of the Tripartite Agreement on the Comprehensive Assignment of Rights and Obligations under the Loan Agreement]

Party C: Chen Zhiyuan

Signature: /s/ Chen Zhiyuan

Date: April 20, 2024

Exhibit 4.6

Execution Version

Exclusive Service Agreement

Between

Guangzhou Zhipeng Internet of Vehicle Technology Co., Ltd.

And

Guangzhou Xiaopeng Motors Technology Co., Ltd.

April 20, 2024

Exclusive Service Agreement

This exclusive service agreement ("**Agreement**") is made by the following parties on April 20, 2024:

1. Guangzhou Zhipeng Internet of Vehicle Technology Co., Ltd., with its registered address at Room 209, No. 8 Songgang Street, Cen Village, Changxing Avenue, Tianhe District, Guangzhou, and its legal representative being Han Jian ("**Party A**").

2. Guangzhou Xiaopeng Motors Technology Co., Ltd., with its registered address at No. 8 Songgang Street, Cen Village, Changxing Avenue, Tianhe District, Guangzhou, and its legal representative being He Xiaopeng ("**Party B**").

(Each of Party A and Party B is hereinafter referred to collectively as the "**Parties**" and individually as a "**Party**".)

Recitals:

Whereas, Party A is a limited liability company established in Guangzhou and validly existing according to law, the business scope of which is "computer technology development, technical services; car leasing; computer technology transfer services; road cargo transportation agency; logistics agency services; software wholesale; software retail; software development; software services; software testing services; software technology promotion services; data processing and storage services; design of data processing and storage product; corporate management services (except for the business projects subject to license); corporate management consulting services; marketing planning services; conference and exhibition services; advertising industry; online goods sales (except the goods subject to license and approval); online goods retail (except the goods subject to license and approval); computer network system engineering services; network technology research and development; network information technology promotion services; network security information consultation; IT consulting services; goods information consulting services; technical research and development of vehicle engineering; road freight transportation; online car-hailing transportation; value-added telecommunications services (the service types shall be subject to the contents specified in the Value-added Telecommunications Business License);

Whereas, Party B is a limited liability company registered and legally existing in Guangzhou, with its business scope being "engineering and technology research and experimental development; wholesale of auto parts; sales of distributed AC charging piles; sales of motor vehicle charging; centralized fast charging station; car rental; industrial design services; sales of new energy vehicles; sales of new vehicles; communication equipment manufacturing; Internet sales (except for sales of goods that require license); manufacturing of mechanical and electrical equipment; sales of mechanical and electrical equipment; sales of electrical equipment; manufacturing of power electronic devices and components; sales of power electronic devices and components; software sales; software development; technical service, technical development, technical consultation, technical exchange, technical transfer and technical promotion; information technology consulting service; motor vehicle repair and maintenance; non-residential real estate leasing; mechanical equipment leasing; warehousing equipment leasing service; import and export of technology; import and export of goods";

Whereas, Party A needs Party B to provide the services related to Party A's Business (as defined below) and Party B agrees to provide such services to Party A.

Now, therefore, the Parties agree as follows upon consensus through negotiation:

1. Definitions

1.1 The following terms used in this Agreement have the meanings below, unless this Agreement stipulates otherwise or the context requires otherwise:

"Party A's Business"	Means the business activities conducted and developed by Party A at the present or at any time during the term of this Agreement.
"Services"	Means the services provided by Party B within its business scope to Party A exclusively with respect to Party A's Business, including but not limited to: technical services, business consulting, intellectual property licensing, equipment or leasing, market consulting, product research and development, and system maintenance.
"Annual Business Plan"	Means the business development plan and budget report of Party A for the next calendar year prepared by Party A with the assistance of Party B before November 30 of each year according to this Agreement.
"Service Fee"	Means all fees payable by Party A to Party B for the Services provided by Party B according to Article 3 hereof.
"Business-related IP"	Means any and all intellectual properties developed by Party A based on the Services provided by Party B hereunder with respect to Party A's Business.
"Confidential Information"	Has the meaning set forth in Article 6.1 hereof.
"Breaching Party"	Has the meaning set forth in Article 12.1 of this Agreement.
"Breach"	Has the meaning set forth in Article 12.1 of this Agreement.
"Party's Rights"	Has the meaning set forth in Article 14.5 of this Agreement.

1.2 Any reference to any laws and regulations ("**Laws**") shall be reference to:

(a) those Laws as amended, modified, supplemented and restated, whether they become effective before or after the conclusion of this Agreement; and

(b) other decisions, notices and regulations prepared or effective under the Laws.

1.3 Unless the context indicates otherwise, any reference to any articles, paragraphs, subparagraphs or items herein are reference to the articles, paragraphs, subparagraphs or items of this Agreement.

2. Services

2.1 During the term of this Agreement, party A entrusts exclusively Party B to provide the Services, and Party B shall diligently provide Party A with the Services according to the needs of Party A's Business. The Parties understand that Party B's actual provision of Services is subject to Party B's approved business scope. If the Service requested to be provided by Party A exceeds Party B's approved business scope, Party B shall apply for expanding its business scope to the maximum extent permitted by Laws, and continue to provide relevant Service after the expansion of its business scope is approved.

2.2 Party B shall communicate and exchange relevant information of Party A's Busines with Party A, to provide the Services hereunder.

2.3 Notwithstanding any other provisions hereof, Party B has the right to designate any third party to provide the Services hereunder in whole or in part, or delegate the third party to perform its obligations hereunder. Party A hereby agrees that Party B has the right to transfer its rights and obligations hereunder to any third party.

3. Service Fee

3.1 In respect of the Services provided by Party B according to this Agreement, Party A shall pay the Service Fee to Party B according to the following provisions:

3.1.1 Upon agreement by the Parties through negotiation, Party A shall pay relevant Service Fee to Party B on an annual basis for the Services provided by Party B to Party A in each calendar year of the term of this Agreement.

3.1.2 Upon agreement by the Parties through negotiation, Party A shall pay relevant Service Fee to Party B separately for the specific Services provided by Party B to Party A from time to time at the request of Party A.

3.2 Party B shall promptly issue payment notice and special VAT invoice to Party A and settle annually. Party A shall pay Party B the above Service Fee (tax inclusive) within one month after receiving the invoice.

3.3 The Parties agree that to extent that the scope of Service and the amount of the Service Fee specified in Article 3.1 and Article 3.2 do not violate any mandatory provisions of laws and regulations, the Parties shall determine and adjust according to the proposal made by Party B from time to time. Party A shall not reject Party B's proposal without any reasonable cause.

3.4 The Parties shall assume their respective taxes and obligations of withholding (if any) according to the applicable laws.

4. Obligations of Party A

4.1 Party B's services hereunder are exclusive. During the term of this Agreement, without the prior written consent of Party B, Party A shall not enter into any agreement with any other third party or accept from such third party any other service same as or similar to the services provided by Party B.

4.2 Party A shall provide Party B with its definitive Annual Business Plan for the next year before November 30 of each year so that Party B may prepare corresponding service plan and arrange the required manpower and service capacity. If Party A needs any manpower to be arranged by Party B temporarily, it shall negotiate with Party B fifteen (15) days in advance to reach an agreement.

4.3 To facilitate the provision of the Services by Party B, at the request of Party B, Party A shall provide Party B with the information required by Party B.

4.4 Party A shall pay the Service Fee to Party B promptly and fully according to the provisions of Article 3 hereof.

4.5 Party A shall maintain its own good reputation, actively expand its business, and strive to maximize its revenue.

4.6 During the term of this Agreement, Party A agrees to cooperate with Party B and Party B's parent company (whether direct or indirect) to carry out audits on related-party transactions or other issues and provide relevant information and material relating to Party A's operation, business, client, finance, employee, etc. to Party B and Party B's parent company or the auditor appointed by Party B, and agrees that Party B's parent company may disclose such information or material to meet the requirements of the regulators in the place where the securities of Party B's parent company are listed.

5. Intellectual Property Rights

5.1 The intellectual property rights held originally or obtained during the term of this Agreement by Party B, including the intellectual property rights to the work achievement created during the provision of the Services, shall be owned by Party B.

5.2 Since Party A's Business is dependent on the Services to be provided by Party B hereunder, in respect of the intellectual property rights to the business developed by Party A based on the Services, Party A agrees that:

(1) if the intellectual property rights to such business are obtained by Party A upon the entrustment of Party B or through the cooperation between Party A and Party B, the ownership and the application right related to relevant intellectual property rights shall be vested in Party B.

(2) if relevant intellectual property rights to the business are developed and obtained by Party A independently, the ownership shall be vested in Party A, provided that (A) Party A promptly notifies Party B of the details of such intellectual property rights and provides relevant information reasonably requested by Party B; (B) if Party A intends to license or transfer relevant intellectual property rights to the business, Party A shall first transfer such intellectual property rights to Party B or grant an exclusive license to Party B on such intellectual property rights subject to the mandatory provisions of the laws of China, and Party B may use such intellectual property rights to the extent of the transfer or license (however, Party B has the right to decide whether to accept such transfer or license); Party A can transfer or license such intellectual property rights to any third party only when Party B waives the priority to purchase such intellectual property rights or waives the exclusive license on the conditions not more favorable than those offered to Party B (including but not limited to the transfer price or license royalty), and shall ensure that the third party will fully comply with and perform the obligations of Party A hereunder; (C) except the circumstance specified in the above Item (B), during the term of this Agreement, Party B has the right to purchase relevant intellectual property rights to the business; then Party A shall agrees to such purchase subject to the mandatory provisions of the laws of China at the minimum price permitted by the current laws of China.

5.3 If Party B is granted the exclusive license to use relevant intellectual property rights to the abovementioned business according to Paragraph (2) of Article 5.2 hereof, the following provisions shall apply:

(1) The license period shall be no less than five (5) years (starting from the effective date of relevant license agreement);

(2) The scope of right under the license shall be as large as possible;

(3) During the license period and within the license scope, no other party (including Party A) other than Party B may use or permit others to use such intellectual property rights in whatever forms;

(4) Without prejudice to the conditions under Paragraph (3) of Article 5.3, Party A has the right to decide in its sole discretion to authorize any other third party to use such intellectual property rights;

(5) When the license period expires, Party B has the right to renew the license agreement and Party A shall agree to such renewal. The original terms of the license agreement shall be maintained, except the changes approved by Party B.

5.4 Notwithstanding the provisions of Paragraph (2) of Article 5.2, if relevant intellectual property rights to the business specified in that paragraph can be established only when they are registered according to applicable law, the application for registration shall be carried out according to the following provisions:

(1) If Party A intends to apply for the registration of the above intellectual property rights, it shall obtain the prior written consent of Party B.

(2) Party A may apply for the registration or transfer the application right to any third party only when Party B waives the right to purchase the right to apply for registration of relevant intellectual property rights to the business. Where Party A transfers the above application right to any third party, Party A shall ensure the third party to fully comply with and perform its obligations hereunder. Meanwhile, the conditions on which Party A transfers the application right to the third party (including but not limited the transfer price) shall not be more favorable than the conditions it offers to Party B under Paragraph (3) of Article 5.4.

(3) During the term of this Agreement, Party B may request at any time Party A to apply for registration of relevant intellectual property rights to the business, and decide in its sole discretion whether to purchase the above application right. At the request of Party B, Party A shall transfer the application right to Party B subject to the mandatory provisions of the laws of China at the minimum price permitted by the current laws of China. Party B shall become the legal owner of relevant intellectual property rights to the business after it obtains the application right and then applies for and completes the registration of such intellectual property rights.

5.5 Each Party undertakes to indemnify the other Party any and all economic losses incurred by the other Party due to the first Party's infringement of other's intellectual property rights (including copyright, trademark, patent, and know-how).

6. Confidentiality Obligations

6.1 Each Party shall keep strict confidential the business secrets, proprietary information, client information and other confidential information of the other Party obtained during the execution and performance of this Agreement ("**Confidential Information**") regardless of whether this Agreement has been terminated. The receiving Party shall not disclose any Confidential Information to any third party, except upon prior written consent of the disclosing Party or as required by applicable laws and regulations or the rules of the jurisdiction where the affiliate of a Party is listed. The receiving Party shall not use directly or indirectly any Confidential Information except for purpose of performing this Agreement.

6.2 The Parties acknowledge that the following information is not Confidential Information:

(a) The information obtained by the receiving Party by legal means before the disclosure, which is evidenced by written proof;

(b) The information that has entered public domain not through the fault of the receiving Party; or

(c) The information obtained by the receiving Party legally through other channel after receiving the information from the disclosing Party.

6.3 The receiving Party may disclose the Confidential Information to its relevant employees, agents or any engaged professionals, provided that it shall ensure such persons to comply with relevant terms and conditions of this Agreement and shall assume any liability arising from the breach by such persons of relevant terms and conditions of this Agreement.

6.4 Notwithstanding any other provisions hereof, this Article 6 shall survive the suspension or termination of this Agreement.

7. Representations and Warranties of Party A

Party A hereby represents and warrants to Party B that

7.1 it is a limited liability company duly established and validly existing under the laws of China who has separate legal personality, has full and separate legal status and capacity to execute, deliver and perform this Agreement, and can sue and be sued independently.

7.2 it has full internal power and authority to execute, deliver and perform this Agreement and all other documents relating to the transaction contemplated hereunder and to be executed, and has full power and authority to complete the transaction contemplated hereunder. This Agreement is duly executed and delivered by it, constitutes its legal and binding obligations, and is enforceable against it according to the terms hereof.

7.3 it shall promptly notify Party B of any circumstance that has or may have material adverse effect on Party A's Business and operation, and use its best effort to prevent the occurrence of such circumstance and/or expansion of loss.

7.4 it shall not dispose of any of its material assets in whatever form or change its existing shareholding structure, without the written consent of Party B.

7.5 it holds all the business licenses and certificates required for its operation when this Agreement becomes effective, and has full right and qualification to operate Party A's Business currently conducted by it in China.

7.6 At the written request of Party B, it shall use all of its current accounts receivable and/or other assets it legally owns and may dispose of as the security for the payment of the Service Fee specified in Article 3 hereof.

7.7 it shall indemnify Party B and hold Party B harmless from all losses Party B suffers or may suffer from provision of the Services, including but not limited to any losses arising from any litigation, demand, arbitration, or claim by any third party, or any administrative investigation or penalty by any government authority, except for any loss caused by the intentional misconduct or gross negligence of Party B.

7.8 it shall not enter into any other agreement or arrangement that contradicts to this Agreement or may damage Party B's interest hereunder, without the written consent of Party B.

8. Representations and Warranties of Party B

Party B hereby represents and warrants to Party A that

8.1 it is a limited liability company duly established and validly existing under the laws of China who has separate legal personality, has full and separate legal status and capacity to execute, deliver and perform this Agreement, and can sue and be sued independently.

8.2 it has full internal power and authority to execute, deliver and perform this Agreement and all other documents relating to the transaction contemplated hereunder and to be executed, and has full power and authority to complete the transaction contemplated hereunder. This Agreement is duly executed and delivered by it, constitutes its legal and binding obligations, and is enforceable against it according to the terms hereof.

9. Term of Agreement

9.1 This Agreement is effective when the Parties officially sign it. This Agreement shall be valid for twenty (20) years, unless this Agreement expressly provides otherwise or the Parties terminate it by written notice. This Agreement shall renew for one (1) year automatically when it original term or renewal term expires, unless Party B notifies Party A thirty (30) days in advance that this Agreement will not be renewed.

9.2 Where the business period of Party A or Party B expires and no approval or registration formalities on extension of the business period is gone through, this Agreement shall terminate when the business period of Party A or Party B expires. The Parties shall complete the approval or registration formalities on extension of their respective business period three (3) months before expiration of their respective business period to renew the term of this Agreement.

9.3 The Parties shall continue to perform the obligations under Article 6 hereof when and after this Agreement terminates.

10. Indemnification

Party A shall indemnify Party B and hold Party B harmless from all losses Party B suffers or may suffer from provision of the Services, including but not limited to any losses arising from any litigation, demand, arbitration, or claim by any third party, or any administrative investigation or penalty by any government authority, except for any loss caused by the intentional misconduct or gross negligence of Party B.

11. Notice

11.1 Any notice, request, demand or other communication required by or made under this Agreement shall be in writing and sent to relevant Parties.

11.2 Where the above notice or other communication is sent by fax or email, it will be deemed delivered when it is sent. Where the above notice or other communication is sent by personal delivery, it will be deemed delivered when it is submitted in person. Where the above notice or other communication is sent by mail, it will be deemed delivered two (2) days after it is posted.

12. Liabilities for Breach of Contract

12.1 The Parties agree and acknowledge that if either Party ("**Breaching Party**") materially breaches any provision hereunder, or fails or delays to perform any material obligation hereunder, it will constitute a breach of this Agreement ("**Breach**"), and the other Party has the right to request the Breaching Party to correct or take remedial measures within a reasonable period. If the Breaching Party fails to do so within a reasonable period or ten (10) days after the other Party gives a written notice requesting correction, and if the Breaching Party is Party A, then Party B has the right to (1) terminate this Agreement and request the Breaching Party to compensate all damages; or (2) request the enforcement of the Breaching Party's obligations hereunder and request the Breaching Party to compensate all damages; if the Breaching Party is Party B, then Party A has the right to request the Breaching Party to continue to perform its obligations hereunder and to compensate all damages.

12.2 Notwithstanding any provisions of Article 12.1 hereof, the Parties agree and acknowledge that Party A shall not request to terminate this Agreement on whatever grounds and in whatever circumstances, unless the law or this Agreement provides otherwise.

12.3 Notwithstanding any other provisions hereof, this Article 12 shall survive the suspension or termination of this Agreement.

13. Force Majeure

Where either Party's performance of this Agreement is directly affected by or either Party is unable to perform this Agreement according to the provisions hereof due to any earthquakes, typhoons, floods, fires, wars, computer viruses, tool software design vulnerabilities, hacker attacks on the Internet, changes in policies or laws, and other force majeure events that are unforeseeable and the consequence of which are unpredictable or unavoidable, the affected Party shall immediately notify the other Party by fax, and within thirty (30) days, provide the details of the force majeure event and the certificate issued by a notary in the place of the force majeure event to prove that this Agreement is unable to perform or its performance needs to be postponed. The Parties shall negotiate to decide whether to waive part performance of this Agreement or to delay the performance based on the effect of the force majeure event on the performance of this Agreement. Neither Party shall be liable for any economic loss of the other Party caused by the force majeure event.

14. Miscellaneous

14.1 This Agreement is written in Chinese. This Agreement is made in five (5) counterparts, with Party A holding one (1) counterpart, one (1) counterpart filed with the government authority for approval/registration, and the remaining counterparts maintained by Party B.

14.2 The conclusion, validity, performance, modification, interpretation and dispute resolution of this Agreement shall be governed by the laws of China.

14.3 Dispute Resolution

14.3.1 Any dispute arising from or relating to this Agreement shall be resolved first through the friendly negotiation between the Parties. If negotiation fails, the dispute shall be submitted to China International Economic and Trade Arbitration Commission for arbitration according to the arbitration rules of the Commission effective at the time of submission. The arbitration will be carried out in Shenzhen. The arbitration award is final and binding upon relevant Parties. Unless the arbitration award decides otherwise, the arbitration cost shall be borne by the losing Party. The losing Party shall further reimburse the winning Party's attorney fee and other expenses.

14.3.2 During the period of dispute resolution, the Parties shall continue to perform other provisions of this Agreement except for the disputed matter.

14.3.3 The Parties hereby specifically acknowledge and undertake that, subject to the laws of China, the arbitrators shall have the right to make an appropriate award according to the actual situation to provide Party B with appropriate legal remedies, including but not limited to restricting Party A's business operation, restricting and/or disposing of Party A's equity or assets (including land) (including but not limited to using the same as compensation), prohibiting the transfer or disposal or making other relevant remedies, and liquidating Party A, etc. The Parties shall implement such award.

14.3.4 The Parties hereby specifically acknowledge and undertake that, subject to the laws of China, as property preservation or enforcement measures, at the request of one Party to the dispute, the court with jurisdiction shall have the right to make a ruling or judgment before the arbitration tribunal is formed or under other appropriate circumstances permitted by law to provide provisional reliefs to the Party, such as making detaining or freezing judgment or ruling on the property of the defaulting party or the equity of the company. Such rights of the Party and the judgment or ruling made by the court thereon shall not affect the validity of the above arbitration clause agreed upon by the Parties.

14.3.5 After the arbitration award comes into effect, either Party shall have the right to apply to the court with jurisdiction to enforce the arbitration award.

14.3.6 The Parties agree that the competent court at the place where (1) Hong Kong Special Administrative Region; (2) the place of registration of XPeng Inc.; (3) the place of registration of Party A (i.e. Guangzhou); and (4) the major assets of XPeng Inc. or Party A are located shall be deemed the court with jurisdiction for the purposes of this Article.

14.4 Any rights, powers and remedies granted to either Party under any provision of this Agreement shall not preclude any other rights, powers or remedies granted to the Party under laws or other provisions hereof. No exercise by either Party of its rights, powers or remedies will preclude the exercise by the Party of other rights, powers or remedies.

14.5 No failure or delay to exercise by either Party of its rights, powers or remedies under this Agreement or laws ("**Party's Rights**") will constitute waiver of such rights, and no single or partial waiver of the Party's Rights will preclude exercise by the Party of such rights in other way or of other rights.

14.6 The headings hereof are inserted for reference only, and shall not be used for or affect the interpretation of any provisions hereof.

14.7 The provisions hereof are severable and independent from other provisions. If any or several provisions hereof are decided invalid, illegal or unenforceable at any time, the validity, legality and enforceability of other provisions hereof shall not be affected.

14.8 If the Stock Exchange of Hong Kong Limited or other regulatory authorities propose any amendments to this Agreement, or if there are any changes related to this Agreement in the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited or related requirements, the Parties shall amend this Agreement accordingly.

14.9 Upon execution, this Agreement will replace any other legal documents previously executed by the Parties on the same subject matter, including the Exclusive Service Agreement dated September 6, 2021 between the Parties. Any amendment or supplement to this Agreement must be made in writing, and shall become effective after the Parties properly sign it, except that Party B transfers its rights hereunder according to Article 14.10.

14.10 Without prior written consent of Party B, Party A shall not transfer its right and/or obligation hereunder to any third party. Party A agrees that without its written consent, Party B has the right to transfer unilaterally any right and/or obligation hereunder to any third party, provided that a written notice shall be given to Party A.

14.11 This Agreement shall bind and inure to the benefit of the legal assigns, successors and creditors of the Parties and other entities that may obtain the equity interest or relevant rights in the Parties.

14.12 The Parties undertake to declare and pay their respective taxes relating to the transaction contemplated hereunder according to law.

[The remainder of this page is intentionally left blank. Signature page follows.]

[Signature page of the Exclusive Service Agreement]

Guangzhou Zhipeng Internet of Vehicle Technology Co., Ltd. (seal)

Legal representative: Han Jian

Signature: /s/ Han Jian

[Signature page of the Exclusive Service Agreement]

Guangzhou Xiaopeng Motors Technology Co., Ltd. (seal)

Legal representative: He Xiaopeng

Signature: /s/ He Xiaopeng

Exhibit 4.7

Execution Version

Exclusive Option Agreement

Between

Chen Zhiyuan

And

Guangzhou Xiaopeng Motors Technology Co., Ltd.

And

Guangzhou Zhipeng Internet of Vehicle Technology Co., Ltd.

In relation to Guangzhou Zhipeng Internet of Vehicle Technology Co., Ltd.

April 20, 2024

Exclusive Option Agreement

This exclusive option agreement ("**Agreement**") is made by the following parties on April 20, 2024 ("**Execution Date**"):

1. Chen Zhiyuan (ID No.: XXXXXXXXXX) ("**Existing Shareholder**");

   Contact address: No. 4 Jiangong Road, Tianhe District, Guangzhou

2. Guangzhou Zhipeng Internet of Vehicle Technology Co., Ltd., with its registered address at Room 209, No. 8 Songgang Street, Cen Village, Changxing Avenue, Tianhe District, Guangzhou, and its legal representative being Han Jian ("**Company**").

3. Guangzhou Xiaopeng Motors Technology Co., Ltd., with its registered address at No. 8 Songgang Street, Cen Village, Changxing Avenue, Tianhe District, Guangzhou, and its legal representative being He Xiaopeng ("**WFOE**").

Each of the above parties is hereinafter referred to individually as a "**Party**", and collectively as the "**Parties**".

Whereas,

1. On the execution date of this Agreement, the Existing Shareholder is the registered shareholder of the Company and holds 50% of the shares of the Company according to law. On the execution date of this Agreement, the capital contribution of the Existing Shareholder in the registered capital of the Company is RMB5 million, accounting for 50% of the shares. The basic information of the Company is shown in Exhibit 1.

2. Subject to the current PRC Laws, the Existing Shareholder is willing to transfer his entire equity interest in the Company to the WFOE and/or its designated entity and/or individual, and the WFOE is willing to accept such transfer by itself or through its designated entity and/or individual.

3. Subject to the current PRC Laws, the Company is willing to transfer its assets to the WFOE and/or its designated entity and/or individual, and the WFOE is willing to accept such transfer by itself or through its designated entity and/or individual.

4. Subject to the current PRC Laws, the Company and the Existing Shareholder intend that the capital of the Company will be reduced and then increased by the WFOE or its designated entity and/or individual, and the WFOE is willing to subscribe for such additional capital by itself or by its designated entity and/or individual.

5. In order to effect the above transfer of equity interest and assets, the Existing Shareholder and the Company agree to grant to the WFOE the exclusive and irrevocable Equity Transfer Option and Asset Purchase Option. According to the Equity Transfer Option and Asset Purchase Option, subject to the PRC Laws, the Existing Shareholder or the Company, shall at the request of the WFOE transfer the Option Equity or the Assets (as defined below) to the WFOE and/or its designated entity and/or individual according to the provision hereof. In order to effect the above capital reduction of the Company and the capital increase by the WFOE to the Company, the Existing Shareholder and the Company agree to grant to the WFOE an irrevocable Capital Increase Option. According to the Capital Increase Option, subject to the PRC Laws, the Company shall reduce its capital at the request of the WFOE, and then the WFOE and/or its designated entity and/or individual will subscribe for the Capital Increase Equity (as defined below).

6. The Company agrees that the Existing Shareholder will grant to the WFOE the Equity Transfer Option (as defined below) according to this Agreement.

7. The Existing Shareholder agrees that the Company will grant to the WFOE the Asset Purchase Option (as defined below) according to this Agreement.

8. The Company and the Existing Shareholder agree to grant to the WFOE the Capital Increase Option (as defined below) according to this Agreement.

Now, therefore, the Parties agree as follows upon consensus through negotiation:

1. Definitions

1.1 The following terms used in this Agreement have the meanings below, unless the context requires otherwise:

"PRC Laws"	Means the currently valid laws, administrative regulations, administrative rules, local regulations, judicial interpretations and other binding normative documents of the People's Republic of China.
"Equity Transfer Option"	Means the option granted by the Existing Shareholder to the WFOE according to the terms and conditions hereof to purchase the equity interest of the Company.
"Asset Purchase Option"	Means the option granted by the Company to the WFOE according to the terms and conditions hereof to purchase any asset of the Company.
"Capital Increase Option"	Means the option granted by the Company and the Existing Shareholder to the WFOE according to the terms and conditions hereof to request the Company to reduce its capital (part or all of the Option Equity (as defined below)), and to allow the WFOE and/or its designated entity and/or individual to purchase the newly increased registered capital of the Company.
"Option Equity"	Means the entire equity interest held by the Existing Shareholder in the Registered Capital (as defined below) of the Company, as may be expanded by any equity of the Company additionally held by the Existing Shareholder during the term of this Agreement, which accounts for 50% of the Registered Capital as of the Execution Date.
"Registered Capital"	Means the registered capital of the Company of RMB ten million (RMB10,000,000) as of the Execution Date, as may be expanded by any capital increase in whatever form during the term of this Agreement.
"Transfer Equity"	Means the equity interest which the WFOE has the right to request the Existing Shareholder to transfer to it and/or its designated entity and/or individual when the WFOE exercises the Equity Transfer Option according to Article 3 hereof, the number of which may be part or all of the Option Equity and will be determined by the WFOE in its sole discretion according to the current PRC Laws and its own business consideration.

"Transfer Assets"	Means the assets of the Company which the WFOE has the right to request the Company to transfer to it and/or its designated entity and/or individual when the WFOE exercises the Asset Purchase Option according to Article 3 hereof, which may be part or all of the assets of the Company and will be determined by the WFOE in its sole discretion according to the current PRC Laws and its own business consideration.
"Capital Increase Equity"	Means the newly increased Registered Capital which the WFOE and/or its designated entity and/or individual have the right to subscribe for after the reduction of capital of the Company when the WFOE exercises the Capital Increase Option according to Article 3 hereof, the number of which will be determined by the WFOE in its sole discretion according to the current PRC Laws and its own business consideration.
"Exercise"	Means the WFOE exercises the Equity Transfer Option, the Asset Purchase Option or the Capital Increase Option.
"Transfer Price"	Means the entire consideration payable by the WFOE and/or its designated entity and/or individual to the Existing Shareholder or the Company for acquisition of the Transfer Equity or the Transfer Assets at each Exercise.
"Capital Reduction Price"	Means the entire consideration payable by the Company to the Existing Shareholder for reduction of the Registered Capital at each Exercise of the WFOE.
"Capital Increase Price"	Means the entire consideration payable by the WFOE and/or its designated entity and/or individual to the Company for subscription of the Capital Increase Equity at each Exercise.
"Business Licenses"	Means any approvals, permits, filings, registrations, etc. the Company must hold for legally and validly operating its business, including but not limited to the Business License of Enterprise Legal Person and other relevant permits and certificates that may be required by the current PRC Laws.
"Assets"	Means all tangible and intangible assets that are owned or can be disposed of by the Company during the term of this Agreement, including but not limited to any real property, personal property, trademark, copyright, patent, know-how, domain name, software use right and other intellectual property rights.
"Material Agreements"	Means any agreements to which the Company is a party and which have material effect on the business or assets of the Company, including but not limited to the Exclusive Service Agreement and other material agreements relating to the business of the Company.
"Exercise Notice"	Has the meaning set forth in Article 3.9 of this Agreement.
"Loan Agreements"	Means the Loan Agreement dated September 6, 2021 among the He Tao, Xia Heng and the WFOE and the Tripartite Agreement on the Comprehensive Assignment of Rights and Obligations under the Loan Agreement dated April 20, 2024 among He Tao, Xia Heng, the Existing Shareholder and the WFOE.
"Confidential Information"	Has the meaning set forth in Article 8.1 of this Agreement.
"Breaching Party"	Has the meaning set forth in Article 11.1 of this Agreement.
"Breach"	Has the meaning set forth in Article 11.1 of this Agreement.

"Non-breaching Party " Has the meaning set forth in Article 11.1 of this Agreement.

"Party's Rights" Has the meaning set forth in Article 12.5 of this Agreement.

1.2 Any reference to any PRC Laws shall be reference to:

(a) those laws as amended, modified, supplemented and restated, whether they become effective before or after the conclusion of this Agreement; and

(b) other decisions, notices and regulations prepared or effective under the PRC Laws.

1.3 Unless the context requires otherwise, any reference to any articles, paragraphs, subparagraphs or items herein are reference to the articles, paragraphs, subparagraphs or items of this Agreement.

2. Grant of Equity Transfer Option, Asset Purchase Option and Capital Increase Option

2.1 The Existing Shareholder hereby agrees to grant to the WFOE an irrevocable, unconditional and exclusive Equity Transfer Option, according to which the WFOE has the right to request the Existing Shareholder at any time (including but not limited to when the WFOE decides upon its independent judgment that there is the risk that the Existing Shareholder may transfer part or all of his Option Equity to any third party other than the WFOE and/or its designated entity and/or individual according to the requirements of the PRC Laws) to transfer the Option Equity to the WFOE and/or its designated entity and/or individual according to the terms and conditions of this Agreement, subject to the PRC Laws. The WFOE hereby agrees to accept the Equity Transfer Option.

2.2 The Company hereby agrees that the Existing Shareholder will grant to the WFOE the Equity Transfer Option according to the above Article 2.1 and other provisions hereof.

2.3 The Company hereby agrees to grant to the WFOE an irrevocable, unconditional and exclusive Asset Purchase Option, according to which the WFOE has the right to request the Company at any time (including but not limited to when the WFOE decides upon its independent judgment that there is the risk that the Existing Shareholder may transfer part or all of his Option Equity to any third party other than the WFOE and/or its designated entity and/or individual according to the requirements of the PRC Laws) to transfer the part or all of the Assets to the WFOE and/or its designated entity and/or individual according to the terms and conditions of this Agreement, subject to the PRC Laws. The WFOE hereby agrees to accept the Asset Purchase Option.

2.4 The Existing Shareholder hereby agrees that the Company will grant to the WFOE the Asset Purchase Option according to the above Article 2.3 and other provisions hereof.

2.5 The Existing Shareholder and the Company hereby agree severally and jointly to grant to the WFOE an irrevocable, unconditional and exclusive Capital Increase Option, according to which the WFOE has the right to request the Company at any time (including but not limited to when the WFOE decides upon its independent judgment that there is the risk that the Existing Shareholder may transfer part or all of his Option Equity to any third party other than the WFOE and/or its designated entity and/or individual according to the requirements of the PRC Laws) to reduce its capital, and, subject to the PRC Laws, the WFOE and/or its designated entity and/or individual have the right to subscribe for any Capital Increase Equity according to the terms and conditions hereof. The WFOE hereby agrees to accept the Capital Increase Option.

3. Way of Exercise

3.1 Subject to the terms and conditions hereof and to the extent permitted by the PRC Laws, the WFOE has the absolute sole discretion to decide the time, way and number of its Exercise.

3.2 Subject to the terms and conditions hereof and the current PRC Laws, the WFOE has the right to request at any time the transfer of part or all of the equity interest of the Company held by and from the Existing Shareholder to itself and/or its designated entity and/or individual.

3.3 Subject to the terms and conditions hereof and the current PRC Laws, the WFOE has the right to request at any time the transfer of part or all of the Assets from the company to itself and/or its designated entity and/or individual.

3.4 Subject to the terms and conditions hereof and the current PRC Laws, the WFOE has the right to request at any time the Company to reduce its capital, and to subscribe for the Capital Increase Equity by itself and/or its designated entity and/or individual.

3.5 At each Exercise of the Equity Transfer Option, the WFOE has the right to determine the number of Transfer Equity that the Existing Shareholder shall transfer to the WFOE and its designated entity and/or individual in the Exercise. The Existing Shareholder shall transfer the Transfer Equity respectively to the WFOE and its designated entity and/or individual according to the number determined by the WFOE. The WFOE and its designated entity and/or individual shall pay the Transfer Price to the Existing Shareholder for the Transfer Equity they receive in each Exercise.

3.6 At each Exercise of the Asset Purchase Option, the WFOE has the right to determine the specific Assets that the Company shall transfer to the WFOE and its designated entity and/or individual in the Exercise. The Company shall transfer the Assets to the WFOE and its designated entity and/or individual according to the determination of the WFOE. The WFOE and its designated entity and/or individual shall pay the Transfer Price to the Company for the Transfer Assets they receive in each Exercise.

3.7 At each Exercise of the Capital Increase Option, the WFOE has the right to determine the number of capital that the Company shall reduce in the Exercise, and the WFOE has the right to request the Existing Shareholder to reduce his capital contribution to the Company. The Company and the Existing Shareholder shall reduce the capital of the Company according to the number determined by the WFOE. Moreover, the WFOE has the right to determine the number of Capital Increase Equity to be subscribed for by the WFOE and its designated entity and/or individual in each Exercise. The Company shall accept the subscription according to the requirements of the WFOE. The Company shall pay the Existing Shareholder the price for reduction of capital in each reduction of its Registered Capital. The WFOE and its designated entity and/or individual shall pay the Capital Increase Price to the Company for the Capital Increase Equity subscribed in each Exercise.

3.8 At each Exercise, the WFOE may accept transfer of the Transfer Equity or the Transfer Assets, or subscribe for the Capital Increase Equity, or may designate any third party to accept transfer of part or all of the Transfer Equity or the Transfer Assets, or subscribe for the Capital Increase Equity in part or in whole.

3.9 When the WFOE decides to exercise its option, it shall send to the Existing Shareholder and/or the Company the Equity Transfer Option Exercise Notice, the Asset Purchase Option Exercise Notice or the Capital Increase Option Exercise Notice (each a "**Exercise Notice**", in the form of Exhibit 2, Exhibit 3 and Exhibit 4 hereto). After receiving an Exercise Notice, the Existing Shareholder or the Company shall transfer the Transfer Equity or the Transfer Assets wholly to the WFOE and/or its designated entity and/or individual immediately according to Article 3.5 or Article 3.6 hereof, or reduce the capital of the Company according to Article 3.7 hereof, and allow the WFOE and/or its designated entity and/or individual to subscribe for the Capital Increase Equity.

4. Transfer Price, Capital Reduction Price, and Capital Increase Price

4.1 At each Exercise of the Equity Transfer Option, the entire Transfer Price payable by the WFOE and/or its designated entity and/or individual to the Existing Shareholder is the capital contribution amount actually paid in the Registered Capital corresponding to the Transfer Equity. If the minimum price permitted by the current PRC Laws is higher than the above amount, the minimum price shall apply. The Existing Shareholder, after receiving the Transfer Price, shall immediately use such amount to repay the loan provided by the WFOE under the Loan Agreements.

4.2 At each Exercise of the Asset Purchase Option, the WFOE and/or its designated entity and/or individual shall pay the Company the book value of relevant Assets. If the minimum price permitted by the current PRC Laws is higher than the above amount, the minimum price shall apply.

4.3 At each Exercise of the Capital Increase Option, the Company shall pay the Capital Reduction Price to the Existing Shareholder who reduces his capital contribution to the Company, and the Capital Reduction Price is the capital contribution amount actually paid in the Registered Capital which is reduced. If the minimum price permitted by the current PRC Laws is higher than the above amount, the minimum price shall apply. Moreover, the entire Subscription Price payable by the WFOE and/or its designated entity and/or individual for subscription of the Capital Increase Equity is the Capital Reduction Price paid by the Company to the Existing Shareholder at the time of capital reduction. The Existing Shareholder, after receiving the Capital Reduction Price, shall immediately use such amount to repay the loan provided by the WFOE under the Loan Agreements.

4.4 The taxes incurred due to Exercise of the Equity Transfer Option, the Asset Purchase Option or the Capital Increase Option hereunder according to the applicable laws shall be borne and paid by the Parties respectively.

5. Representations and Warranties

5.1 The Existing Shareholder hereby represents and warrants that

(a) The Existing Shareholder is a natural person of full capacity for civil acts according to the PRC Laws, has full and separate legal status and capacity to execute, deliver and perform this Agreement, and can sue and be sued independently.

(b) The Company is a limited liability company duly established and validly existing under the PRC Laws who has separate legal personality, has full and separate legal status and capacity to execute, deliver and perform this Agreement, and can sue and be sued independently.

(c) The Existing Shareholder has full power and authority to execute, deliver and perform this Agreement and all other documents relating to the transaction contemplated hereunder and to be executed, and has full power and authority to complete the transaction contemplated hereunder.

(d) This Agreement constitutes his legal and binding obligations, and is enforceable against them according to the terms hereof.

(e) The Existing Shareholder is the registered legal owner of the Option Equity when this Agreement becomes effective, and there is not any lien, pledge, claim, other security interest or third party's rights over the Option Equity, except for the Equity Transfer Option and the Capital Increase Option created hereunder, the pledge created under the Equity Interest Pledge Agreement dated April 20, 2024 between the Company, the WFOE and the Existing Shareholder, and the proxy created under the Power of Attorney dated April 20, 2024. According to this Agreement, after Exercise the WFOE and/or its designated entity and/or individual will obtain good title to the Transfer Equity free of any lien, pledge, claim, other security interest or third party's rights.

(f) There is not any lien, mortgage, claim, other security interest or third party's rights over the Assets, except for the Asset Purchase Option created hereunder. According to this Agreement, after Exercise the WFOE and/or its designated entity and/or individual will obtain good title to the Assets free of any lien, mortgage, claim, other security interest or third party's rights.

5.2 The Company hereby represents and warrants that

(a) The Company is a limited liability company duly established and validly existing under the PRC Laws who has separate legal personality, has full and separate legal status and capacity to execute, deliver and perform this Agreement, and can sue and be sued independently.

(b) The Company has full internal corporate power and authority to execute, deliver and perform this Agreement and all other documents relating to the transaction contemplated hereunder and to be executed, and has full power and authority to complete the transaction contemplated hereunder.

(c) This Agreement is legally and properly executed and delivered by the Company, and constitutes the legal and binding obligations of the Company.

(d) There is not any lien, mortgage, claim, other security interest or third party's rights over the Assets, except for the Asset Purchase Option created under this Agreement. According to this Agreement, after Exercise the WFOE and/or its designated entity and/or individual will obtain good title to the Assets free of any lien, mortgage, claim, other security interest or third party's rights.

5.3 The WFOE represents and warrants that

(a) It is a limited liability company duly established and validly existing under the PRC Laws who has separate legal personality, has full and separate legal status and capacity to execute, deliver and perform this Agreement, and can sue and be sued independently.

(b) It has full internal corporate power and authority to execute, deliver and perform this Agreement and all other documents relating to the transaction contemplated hereunder and to be executed, and has full power and authority to complete the transaction contemplated hereunder.

(c) This Agreement is legally and properly executed and delivered by the WFOE, and constitutes its legal and binding obligations.

6. Undertakings of the Existing Shareholder

The Existing Shareholder hereby irrevocably undertakes as follows:

6.1 During the term of this Agreement, without the prior written consent of the WFOE, he will not:

(a) transfer or otherwise dispose of any Option Equity or create any security interest or other third party's right over the Option Equity;

(b) increase or reduce the Registered Capital, or procure the Company to merge with other entity;

(c) dispose of, or procure the management of the Company to dispose of, any material Assets (except for those occurred in the ordinary course of business);

(d) terminate, or procure the management of the Company to terminate, any Material Agreements signed by the Company, or enter into any other agreement conflicting with the existing Material Agreements;

(e) appoint, remove or replace any of the Company's directors, supervisors or other officers to be appointed and removed by the Existing Shareholder;

(f) procure the Company to declare or distribute any distributable profit, bonus or dividend;

(g) take any action or behavior (including inaction) to affect the valid existence of the Company, nor take any act that may cause the Company to terminate, liquidate or dissolve;

(h) amend the Company's articles of association; or

(i) take any action or behavior (including inaction) to have the Company provide or borrow any loan, or provide any guarantee or other forms of security, or assume any material obligation outside of the ordinary course of business.

6.2 During the term of this Agreement, he will use his best efforts to develop the Company's business and ensure the Company's operation in compliance with laws and regulations, and will not take any act or inaction that may damage the Company's Assets or goodwill or affect the validity of the Company's Business Licenses.

6.3 During the term of this Agreement, he will promptly notify the WFOE any circumstance that may have material adverse effect on the existence, business, operation, finance, assets or goodwill of the Company, and promptly take all measures approved by the WFOE to exclude such circumstances or take other valid remedial measures.

6.4 Once the WFOE issues the Exercise Notice, the Existing Shareholder will:

(a) immediately agree, through shareholder's resolution or other necessary actions, to the transfer the whole Transfer Equity or Transfer Assets from the Existing Shareholder or the Company to the WFOE and/or its designated entity and/or individual at the Transfer Price, or to the reduction of the Company's capital, and accept the subscription by the WFOE and/or its designated entity and/or individual of the Company's Capital Increase Equity, as the case may be;

(b) with respect to the Equity Transfer Option, immediately sign the equity transfer agreement with the WFOE and/or its designated entity and/or individual, transfer the whole Transfer Equity to the WFOE and/or its designated entity and/or individual at the Transfer Price, and provide necessary support to the WFOE (including providing and executing all related legal documents, performing all government approvals and registration formalities, and assuming all relevant obligations) according to the request of the WFOE and the laws and regulations, so that the WFOE and/or its designated entity and/or individual will obtain the whole Transfer Equity and no legal defect, security interest, third party's right or other restriction will exist over the Transfer Equity;

(c) with respect to the Capital Increase Option, immediately sign the capital reduction agreement with the Company in the form and substance satisfactory to the WFOE, and assist and cooperate with the Company to go through the capital reduction formalities (including but not limited to notifying the creditors, making announcement on the capital reduction, signing all related legal documents, performing all government approval and registration formalities, and assuming all related obligations), so that the Company will successfully complete the capital reduction of the Company and the WFOE and/or its designated entity and/or individual will successfully complete the subscription of the Capital Increase Equity.

6.5 If the Transfer Price from transfer of the Transfer Equity, or the Capital Reduction Price from the reduction of the Company's capital, and/or the distribution of the remaining property of the Company in case of the termination, liquidation or other circumstance of the Company, received by the Existing Shareholder, is higher than his capital contribution to the Company, or if he receives any forms of profit distribution, bonus or dividend from the Company, he agrees and acknowledges that subject to the PRC Laws he will not enjoy the income of the premiums and any profit distribution, bonus or dividend (after deducting relevant taxes) and such income and profit distribution, bonus or dividend will be vested in the WFOE. The Existing Shareholder will instruct relevant receiving party or the Company to pay the income to the bank account designated by the WFOE.

6.6 He irrevocably agrees to the execution and performance by the Company of this Agreement, and will assist the Company with the execution and performance of this Agreement, including but not limited to signing all necessary documents or the documents required by the WFOE and taking all necessary actions or the actions required by the WFOE, and will not take any action or inaction to prevent the WFOE from claiming and realizing any right hereunder.

6.7 He will immediately, without any delay, notify the WFOE of any circumstance that the Option Equity held by them may be transferred to any third party other than the WFOE and/or its designated entity and/or individual due to any applicable law, the decision or award of any court or arbitrator, or any other reasons, once he knows or should have known such circumstance.

7. Undertakings of the Company

7.1 The Company hereby irrevocably undertakes that

(a) If the execution and performance of this Agreement and the grant of the Equity Transfer Option, the Asset Purchase Option or the Capital Increase Option hereunder are subject to any consent, permission, waiver or authorization of any third party or the approval, permit, waiver, registration or filing (if required by law) of any government authority, it will use its best effort to assist to meet the above conditions.

(b) Without prior written consent of the WFOE, it will not assist or permit the Existing Shareholder to transfer or otherwise dispose of any Option Equity or create any security interest or other third party's right over the Option Equity.

(c) Without prior written consent of the WFOE, it will not transfer or otherwise dispose of any material Assets (except for the disposal occurred in the ordinary course of business) or create any security interest or other third party's right over the Assets.

(d) It will not take or permit any action or behavior that may have adverse effect on the WFOE's interest hereunder, including but not limited to any action or behavior subject to Article 6.1.

(e) It will immediately, without any delay, notify the WFOE of any circumstance that the Option Equity held by any Existing Shareholder may be transferred to any third party other than the WFOE and/or its designated entity and/or individual due to any applicable law, the decision or award of any court or arbitrator, or any other reasons, once it knows or should have known such circumstance.

7.2 Once the WFOE issues the Exercise Notice,

(a) The Company shall procure the Existing Shareholder to agree, through shareholders' resolution or taking of other necessary actions, to the transfer of the whole Transfer Assets from the Company to the WFOE and/or its designated entity and/or individual at the Transfer Price, or to the reduction of capital of the Company, and to allow the WFOE and/or its designated entity and/or individual to subscribe for the whole Capital Increase Equity at the Capital Increase Price, as the case may be;

(b) with respect to the Asset Purchase Option, the Company will immediately sign the asset transfer agreement with the WFOE and/or its designated entity and/or individual, transfer the whole Transfer Assets to the WFOE and/or its designated entity and/or individual at the Transfer Price, and provide necessary support to the WFOE (including providing and executing all related legal documents, performing all government approvals and registration formalities, and assuming all relevant obligations) according to the request of the WFOE and the laws and regulations, so that the WFOE and/or its designated entity and/or individual will obtain the whole Transfer Assets and no legal defect, security interest, third party's right or other restriction will exist over the Transfer Assets.

(c) with respect to the Capital Increase Option, the Company will immediately sign the capital reduction agreement with the Existing Shareholder in the form and substance satisfactory to the WFOE and the amended and restated articles of association (amendment to the articles of association of the Company), and the Company will go through, and the Existing Shareholder shall procure the Company to go through, the capital reduction formalities (including but not limited to notifying the creditors, making announcement on the capital reduction, signing all related legal documents, performing all government approval and registration formalities, and assuming all related obligations), so that the Company will successfully complete the capital reduction and the WFOE and/or its designated entity and/or individual will successfully complete the subscription of the Capital Increase Equity.

8. Confidentiality Obligations

8.1 Each Party shall keep strict confidential the business secrets, proprietary information, client information and other confidential information of the other Party obtained during the execution and performance of this Agreement ("**Confidential Information**") regardless of whether this Agreement has been terminated. The receiving Party shall not disclose any Confidential Information to any third party, except upon prior written consent of the disclosing Party or as required by applicable laws and regulations or the rules of the jurisdiction where the affiliate of a Party is listed. The receiving Party shall not use directly or indirectly any Confidential Information except for purpose of performing this Agreement.

8.2 The Parties acknowledge that the following information is not Confidential Information:

(a) The information obtained by the receiving Party by legal means before the disclosure, which is evidenced by written proof;

(b) The information that has entered public domain not through the fault of the receiving Party; or

(c) The information obtained by the receiving Party legally through other channel after receiving the information from the disclosing Party.

8.3 The receiving Party may disclose the Confidential Information to its relevant employees, agents or any engaged professionals, provided that it shall ensure such persons to comply with relevant terms and conditions of this Agreement and shall assume any liability arising from the breach by such persons of relevant terms and conditions of this Agreement.

8.4 Notwithstanding any other provisions hereof, this Article 8 shall survive the suspension or termination of this Agreement.

9. Term of Agreement

This Agreement is formed when the Parties officially sign it, and, once formed, will become effective retrospectively as of September 10, 2021. Unless the WFOE requires otherwise, this Agreement will terminate when the whole Option Equity and Assets are transferred to the WFOE and/or its designated entity and/or individual according to the provisions hereof.

10. Notice

10.1 Any notice, request, demand or other communication required by or made under this Agreement shall be in writing and sent to relevant Parties.

10.2 Where the above notice or other communication is sent by fax or email, it will be deemed delivered when it is sent. Where the above notice or other communication is sent by personal delivery, it will be deemed delivered when it is submitted in person. Where the above notice or other communication is sent by mail, it will be deemed delivered two (2) days after it is posted.

11. Liabilities for Breach of Contract

11.1 The Parties agree and acknowledge that if either Party ("**Breaching Party**") materially breaches any covenant hereunder, or fails or delays to perform any material obligation hereunder, it will constitute a breach of this Agreement ("**Breach**"), and each of the other Parties ("**Non-breaching Parties**") has the right to request the Breaching Party to correct or take remedial measures within a reasonable period. If the Breaching Party fails to do so within a reasonable period or ten (10) days after the Non-breaching Parties give a written notice requesting correction, then:

(a) If the Existing Shareholder or the Company breaches, the WFOE has the right to terminate this Agreement and request the Breaching Parties (/Party) to compensate any damages;

(b) If the WFOE breaches, the Non-breaching Parties have the right to request the Breaching Party to compensate damages, provided, however, that the Non-breaching Parties have no right to terminate or rescind this Agreement, unless the laws provide otherwise mandatorily.

For purpose of this Article 11.1, the Existing Shareholder further acknowledges and agrees that his breach of Article 6 hereof will constitute a material breach of this Agreement. The Company further acknowledges and agrees that its breach of Article 7 hereof will constitute a material breach of this Agreement.

11.2 Notwithstanding any other provisions hereof, this Article 11 shall survive the suspension or termination of this Agreement.

12. Miscellaneous

12.1 This Agreement is written in Chinese. This Agreement is made in five (5) counterparts, with the Company holding one (1) counterpart, one (1) counterpart filed with the government authority for approval/registration, and the remaining counterparts maintained by the WFOE.

12.2 The conclusion, validity, interpretation and dispute resolution of this Agreement shall be governed by the PRC Laws.

12.3 Dispute Resolution

(a) Any dispute arising from or relating to this Agreement shall be resolved first through the friendly negotiation between the Parties. If negotiation fails, the dispute shall be submitted to China International Economic and Trade Arbitration Commission for arbitration according to the arbitration rules of the Commission effective at the time of submission. The arbitration will be carried out in Shenzhen. The arbitration award is final and binding upon relevant Parties. Unless the arbitration award decides otherwise, the arbitration cost shall be borne by the losing Party. The losing Party shall further reimburse the winning Party's attorney fee and other expenses.

(b) During the period of dispute resolution, the Parties shall continue to perform other provisions of this Agreement except for the disputed matter.

(c) he Parties hereby specifically acknowledge and undertake that, subject to the laws of China, the arbitrators shall have the right to make an appropriate award according to the actual situation to provide Party B with appropriate legal remedies, including but not limited to restricting Party A's business operation, restricting and/or disposing of Party A's equity or assets (including land) (including but not limited to using the same as compensation), prohibiting the transfer or disposal or making other relevant remedies, and liquidating Party A, etc. The Parties shall implement such award.

(d) The Parties hereby specifically acknowledge and undertake that, subject to the laws of China, as property preservation or enforcement measures, at the request of one Party to the dispute, the court with jurisdiction shall have the right to make a ruling or judgment before the arbitration tribunal is formed or under other appropriate circumstances permitted by law to provide provisional reliefs to the Party, such as making detaining or freezing judgment or ruling on the property of the defaulting party or the equity of the company. Such rights of the Party and the judgment or ruling made by the court thereon shall not affect the validity of the above arbitration clause agreed upon by the Parties.

(e) After the arbitration award comes into effect, either Party shall have the right to apply to the court with jurisdiction to enforce the arbitration award.

(f) The Parties agree that the competent court at the place where (1) Hong Kong Special Administrative Region; (2) the place of registration of XPeng Inc.; (3) the place of registration of Party A (i.e. Guangzhou); and (4) the major assets of XPeng Inc. or Party A are located shall be deemed the court with jurisdiction for the purposes of this Article

12.4 Any rights, powers and remedies granted to either Party under any provision of this Agreement shall not preclude any other rights, powers or remedies granted to the Party under laws or other provisions hereof. No exercise by either Party of its rights, powers or remedies will preclude the exercise by the Party of other rights, powers or remedies.

12.5 No failure or delay to exercise by either Party of its rights, powers or remedies under this Agreement or laws ("**Party's Rights**") will constitute waiver of such rights, and no single or partial waiver of the Party's Rights will preclude exercise by the Party of such rights in other way or of other rights.

12.6 The headings hereof are inserted for reference only, and shall not be used for or affect the interpretation of any provisions hereof.

12.7 The provisions hereof are severable and independent from other provisions. If any or several provisions hereof are decided invalid, illegal or unenforceable at any time, the validity, legality and enforceability of other provisions hereof shall not be affected.

12.8 If the Stock Exchange of Hong Kong Limited or other regulatory authorities propose any amendments to this Agreement, or if there are any changes related to this Agreement in the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited or related requirements, the Parties shall amend this Agreement accordingly.

12.9 This Agreement, once signed, shall supersede any other legal documents signed by the Parties with respect to the same subject matter, including the Exclusive Option Agreement dated September 10, 2021 among the Company, the WFOE, He Xiaopeng, and Xia Heng. Any amendment or supplement to this Agreement must be made in writing, and shall become effective after the Parties properly sign it, except that the WFOE transfers its rights hereunder according to Article 12.10.

12.10 Without prior written consent of the WFOE, the other Parties shall not transfer its right and/or obligation hereunder to any third party. The other Parties agree that without their written consent, the WFOE has the right to transfer any right and/or obligation hereunder to any third party, provided that a written notice shall be given to the other Parties.

12.11 This Agreement shall bind and inure to the benefit of the legal assigns and successors of the Parties. The Existing Shareholder warrants to the WFOE that he has taken all proper measures and signed all required documents so that when he goes into bankruptcy, is liquidated, or suffers other circumstance that may affect his exercise of his equity, his legal assigns, successors, heirs, liquidators, administrators, creditors and other persons who may obtain the equity interest in the Company or relevant rights shall not affect or prevent performance of this Agreement. For this purpose, the Existing Shareholder and the Company shall promptly sign all other documents and take all other actions (including but not limited to notarizing this Agreement) required by the WFOE.

[The remainder of this page is intentionally left blank. Signature page follows.]

[Signature page of the Exclusive Option Agreement]

Chen Zhiyuan

Signature: /s/ Chen Zhiyuan

[Signature page of the Exclusive Option Agreement]

Guangzhou Zhipeng Internet of Vehicle Technology Co., Ltd. (seal)

Legal representative: Han Jian

Signature: /s/ Han Jian

[Signature page of the Exclusive Option Agreement]

Guangzhou Xiaopeng Motors Technology Co., Ltd. (seal)

Legal representative: He Xiaopeng

Signature: /s/ He Xiaopeng

Exhibit 1:

Basic Information of the Company

Company name	Guangzhou Zhipeng Internet of Vehicle Technology Co., Ltd.
Registered address	Room 209, No. 8 Songgang Street, Cen Village, Changxing Avenue, Tianhe District, Guangzhou
Registered capital	RMB ten million
Legal representative	Han Jian
Shareholding structure:	

Shareholder	Shareholding percentage	Subscribed capital contribution (RMB)
Chen Zhiyuan	50%	Five million
Guangzhou Xiaopeng Motors Technology Co., Ltd.	50%	five million

Exhibit 1 to the Exclusive Option Agreement

Exhibit 2:

Form of Exercise Notice

To: Chen Zhiyuan

Whereas we entered into the Exclusive Option Agreement ("**Option Agreement**") with you and Guangzhou Zhipeng Internet of Vehicle Technology Co., Ltd. ("**Company**") on [insert date], providing that subject to the laws and regulations of China, upon the request of us, you shall transfer your equity interest in the Company to us or any third party designated by us.

Therefore, we hereby notify you as follows:

We hereby exercise the Equity Transfer Option under the Option Agreement, and accept by us or by [name of the entity/individual designated by us] the transfer of the [●]% equity interest held by you in the Company ("**Transfer Equity**"). Please transfer the above Transfer Equity to us or to the [name of the entity/individual designated by us] immediately according to the provisions of the Option Agreement after you receive this notice.

Guangzhou Xiaopeng Motors Technology Co., Ltd. (seal)

Authorized representative:

Date:

Exhibit 2 to the Exclusive Option Agreement

Exhibit 3:

Form of Exercise Notice

To: Guangzhou Zhipeng Internet of Vehicle Technology Co., Ltd.

Whereas we entered into the Exclusive Option Agreement ("**Option Agreement**") with you, and Chen Zhiyuan on [insert date], providing that subject to the laws and regulations of China, upon the request of us, you shall transfer your assets to us or any third party designated by us.

Therefore, we hereby notify you as follows:

We hereby exercise the Asset Purchase Option under the Option Agreement, and accept by us or by [name of the entity/individual designated by us] the transfer of the assets owned by you as listed in the schedule attached hereto ("**Transfer Assets**"). Please transfer the above Transfer Assets to us or to the [name of the entity/individual designated by us] immediately according to the provisions of the Option Agreement after you receive this notice.

Guangzhou Xiaopeng Motors Technology Co., Ltd. (seal)

Authorized representative:

Date:

Exhibit 3 to the Exclusive Option Agreement

Exhibit 4:

Form of Exercise Notice

To: Guangzhou Zhipeng Internet of Vehicle Technology Co., Ltd.

Chen Zhiyuan

Whereas we entered into the Exclusive Option Agreement ("**Option Agreement**") with Guangzhou Zhipeng Internet of Vehicle Technology Co., Ltd. ("**Company**"), and Chen Zhiyuan on [insert date], providing that subject to the laws and regulations of China, upon the request of us, you shall reduce the capital of the Company, and allow us or any third party designated by us to subscribe for the newly increased registered capital of the Company.

Therefore, we hereby notify you as follows:

We hereby exercise the Capital Increase Option under the Option Agreement, and request the Company to reduce its registered capital by RMB[●]. After completion of the capital reduction, the registered capital of the Company will become RMB[●], and Chen Zhiyuan will not hold equity interest in the Company / Chen Zhiyuan will hold [●] equity interest in the Company.

Meanwhile, we or [name of the entity/individual designated by us] will subscribe for the newly increased registered capital of the Company of RMB[●]. After completion of the above capital increase, the registered capital of the Company will become RMB[●].

Please immediately complete the capital reduction according to the Option Agreement after receiving this notice, and allow us or [name of the entity/individual designated by us] to subscribe for the newly increased registered capital of the Company.

Guangzhou Xiaopeng Motors Technology Co., Ltd. (seal)

Authorized representative:

Date:

Exhibit 4 to the Exclusive Option Agreement

Exhibit 4.8

Execution Version

Equity Interest Pledge Agreement

Between

Zhao Dawu

And

Guangzhou Xiaopeng Zhihui Chuxing Technology Co., Ltd.

And

Guangzhou Yidian Zhihui Chuxing Technology Co., Ltd.

In relation to Guangzhou Yidian Zhihui Chuxing Technology Co., Ltd.

April 20, 2024

Equity Interest Pledge Agreement

This equity interest pledge agreement ("**Agreement**") is made by the following parties on April 20, 2024 ("**Execution Date**"):

1. Zhao Dawu (ID No.: XXXXXXXXXX) ("**Pledgor**");

   Contact address: Room 102, No. 8 Songgang Street, Cen Village, Changxing Avenue, Tianhe District, Guangzhou

2. Guangzhou Yidian Zhihui Chuxing Technology Co., Ltd., with its registered address at Room 406-175, No.1 Yichuang Street, China-Singapore Guangzhou Knowledge City, Huangpu District, Guangzhou, and its legal representative being Chen Zhiyuan ("**Company**").

3. Guangzhou Xiaopeng Zhihui Chuxing Technology Co., Ltd., with its registered address at Room 406-174, No.1 Yichuang Street, China-Singapore Guangzhou Knowledge City, Huangpu District, Guangzhou, and its legal representative being Zhao Dawu ("**Pledgee**").

Each of the above parties is hereinafter referred to individually as a "**Party**", and collectively as the "**Parties**".

Whereas,

1. On the execution date of this Agreement, the Pledgor is registered shareholder of the Company. The Pledgor holds 50% equity of the Company according to law (hereinafter referred to as the "Pledgor's Equity"). The Pledgor's capital contribution in the registered capital of the Company is RMB5,000,000 (SAY RMB FIVE MILLION ONLY), accounting for 50% of the shares. The basic information of the Company is shown in Exhibit 1.

2. The Parties entered into the Power of Attorney on April 20, 2024. According to the Power of Attorney, the Pledgor irrevocably and exclusively authorized the person to be designated by the Pledgee to exercise his voting power at the Company on his half.

3. The Pledgee, the Pledgor, and He Xiaopeng and Xia Heng entered into the Tripartite Agreement on the Comprehensive Assignment of Rights and Obligations under the Loan Agreement on April 20, 2024. According to the Agreement, the Pledgor succeeds to all the rights and obligations of He Xiaopeng and Xia Heng as the borrowers under the Loan Agreement ("Loan Agreements") between He Xiaopeng, Xia Heng and the Pledgee on September 10, 2021.

4. The Company and the Pledgee entered into the Exclusive Service Agreement ("**Service Agreement**") on April 20, 2024. According to the Service Agreement, the Company engages the Pledgee exclusively to provide relevant services, and agrees to pay corresponding service fees to the Pledgee for such services.

5. The Parties entered into the Exclusive Option Agreement ("**Option Agreement**") on April 20, 2024. According to the Option Agreement, upon the request of the Pledgee, the Pledgor and the Company shall, subject to the PRC Laws, transfer part or whole of his Equity or part or whole of the Company's assets to the Pledgee and/or its designated entity and/or individual according to the requirements of the Pledgee, or the Company shall reduce its capital and allow the Pledgee and/or its designated entity and/or individual to subscribe for the newly added registered capital of the Company.

6. As the security for performance of the Contractual Obligations (as defined below) and repayment of the Secured Debts (as defined below) by the Pledgor, the Pledgor is willing to create a pledge over his Equity in favor of the Pledgee and grant the Pledgee the first-rank pledge right, and the Company agrees to such equity interest pledge arrangement.

Now, therefore, the Parties agree as follows upon consensus through negotiation:

1. Definitions

1.1 The following terms used in this Agreement have the meanings below, unless the context requires otherwise:

"Contractual Obligations"	Means all the contractual obligations of the Pledgor under the Power of Attorney, the Loan Agreement and the Option Agreement (including but not limited to the obligation of repaying loan under the Loan Agreement); all the contractual obligations of the Company under the Power of Attorney, the Service Agreement and the Option Agreement; all the contractual obligations of the Pledgor and the Company under this Agreement.
"Secured Debts"	Means all direct, indirect or consequential losses and the loss of expected income suffered by the Pledgee from any Breaching Event (as defined below) of the Pledgor and/or the Company, the amount of which is based on (but not limited to) the reasonable business plan and profit forecast of the Pledgee, as well as all expenses incurred by the Pledgee for enforcing the Pledgor and/or the Company to perform their Contractual Obligations.
"Transaction Agreements"	Means the Power of Attorney, the Service Agreement, the Loan Agreement and the Option Agreement.
"Breaching Event"	Means the breach by any Pledgor of any of his Contractual Obligations under the Power of Attorney, the Loan Agreement, the Option Agreement and/or this Agreement, and the breach by the Company of any of its Contractual Obligations under the Power of Attorney, the Service Agreement, the Option Agreement and/or this Agreement,.
"Pledged Equity Interest"	Means the entire Equity held by the Pledgor when this Agreement becomes effective and to be pledged in favor of the Pledgee according to this Agreement as the security for the performance by the Pledgor and the Company of the Contractual Obligations, as well as the capital contribution and dividend increased according to Article 2.6 and Article 2.7 hereof.
"PRC Laws"	Means the currently valid laws, administrative regulations, administrative rules, local regulations, judicial interpretations and other binding normative documents of the People's Republic of China.

1.2 Any reference to any PRC Laws shall be reference to: (i) those laws as amended, modified, supplemented and restated, whether they become effective before or after the conclusion of this Agreement; and (ii) other decisions, notices and regulations prepared or effective under the PRC Laws.

1.3 Unless the context requires otherwise, any reference to any articles, paragraphs, subparagraphs or items herein are reference to the articles, paragraphs, subparagraphs or items of this Agreement.

2. Pledge of Equity Interest

2.1 The Pledgor hereby agrees to create a pledge in favor of the Pledgee over the Pledged Equity Interest he legally owns and has the lawful right to dispose of according to the provisions of this Agreement, as the security for performance of the Contractual Obligations and repayment of the Secured Debts by the Pledgor. The Company hereby agrees to the Pledgor' creation of the above pledge according to the provisions of this Agreement.

2.2 The Pledgor undertakes to procure the equity interest pledge arrangement hereunder ("**Pledge of Equity Interest**") to be recorded on the register of shareholders of the Company on the Execution Date. The Pledgor further undertakes to use his best efforts and take all necessary measures to promptly complete the registration of the Pledge of Equity Interest with the market regulation administration having jurisdiction over the Company after the Execution Date.

2.3 During the term of this Agreement, the Pledgee is not responsible for any decrease in the value of the Pledged Equity Interest, except for that caused by the intentional misconduct or gross negligence having direct causation with the result of the Pledgee, and the Pledgor has no right to make any claim or demand against the Pledgee.

2.4 Without breaching the above Article 2.3, if there is any possibility that the value of the Pledged Equity Interest will be significantly reduced, which is enough to harm the rights of the Pledgee, the Pledgee may auction or sell the Pledged Equity Interest on behalf of the Pledgor at any time, and reach an agreement with the Pledgor to use the proceeds from the auction or sale to prepay the Secured Debts or lodge the proceeds with the notary at the place of the Pledgee (the cost of which shall be borne by the Pledgor). In addition, at the request of the Pledgee, the Pledgor shall provide other property as security of the Secured Debts.

2.5 When any Breaching Event occurs, the Pledgee has the right to dispose of the Pledged Equity Interest according to the provisions of Article 4 hereof.

2.6 The Pledgor may increase the capital of the Company only with prior consent of the Pledgee. Any additional capital contribution of the Pledgor made to the registered capital of the Company due to capital increase of the Company shall be part of the Pledge Equity. The Pledgor shall complete the pledge registration of the Equity corresponding to such additional capital contribution with the market regulation administration having jurisdiction over the Company.

2.7 The Pledgor may receive dividend or bonus in respect of the Pledged Equity Interest only with prior consent of the Pledgee. The dividend or bonus received by the Pledgor in respect of the Pledged Equity Interest shall be deposited into the account designated by the Pledgee, supervised by the Pledgee, and used first for repayment of the Secured Debts.

2.8 The Pledgee has the right to dispose of any Pledged Equity Interest of the Pledgor according to the provisions of this Agreement after any Breaching Event occurs.

3. Release of Pledge

3.1 After the Pledgor and the Company fully and completely perform all Contractual Obligations and repay all Secured Debts, the Pledgee shall, at the request of the Pledgor, release the Pledge of Equity Interest hereunder, and cooperate with the Pledgor to cancel the registration of the Pledge of Equity Interest on the register of shareholders of the Company and with the competent market regulation administration. The reasonable cost for the release of the Pledge of Equity Interest shall be borne by the Pledgee.

4. Disposal of the Pledged Equity Interest

4.1 The Parties hereby agree that if any Breaching Event occurs the Pledgee has the right to all remedial rights and powers it enjoys under the PRC Laws, the Transaction Agreements and this Agreement after giving a written notice to the Pledgor, including but not limited to auctioning or selling the Pledged Equity Interest and receiving payment from the proceeds in the first place.

The Pledgee shall not be liable for any loss caused by its reasonable exercise of such rights and powers.

The Pledgor further acknowledges and agrees that his breach of Article 9 hereof shall constitute a material breach of this Agreement. The Company further acknowledges and agrees that its breach of Article 10 hereof shall constitute a material breach of this Agreement.

4.2 The Pledgee has the right to appoint in writing its lawyer or other agent to exercise any or all of the above rights and powers, to which the Pledgor or the Company shall not raise any objection.

4.3 The Pledgee has the right to deduct any reasonable cost incurred in its exercise of any or all of the above rights and powers from any amount it obtains from such exercise.

4.4 The amount obtained by the Pledgee from exercise of the above rights and powers shall be distributed:

First, for payment of disposal of the Pledged Equity Interest and all costs incurred by the Pledgee for exercise of its rights and powers (including paying the remuneration of its lawyer and agent);

Second, for payment of the taxes on the disposal of the Pledged Equity Interest; and

Third, for repayment of the Secured Debts to the Pledgee.

If there is any remaining amount after the above distribution, the Pledgee shall return such remaining amount to the Pledgor or other person entitled to such amount according to relevant laws and regulations, or lodge such amount with the notary at the lace of the Pledgee (the cost of which shall be borne by the Pledgee).

4.5 The Pledgee has the right to exercise its remedies for breach of contract at the same time or successively. The Pledgee is not required to exercise other remedies first before exercising the right hereunder to auction or sell the Pledged Equity Interest.

5. Costs and Expenses

5.1 The Parties shall respectively bear all costs and expenses incurred relating to the creation of the Pledge of Equity Interest hereunder, including but not limited to the stamp duty, any other taxes and all legal costs.

6. Continuing Security and No Waiver

6.1 The Pledge of Equity Interest created hereunder is a continuing security, and is valid until the Contractual Obligations are fully performed or the Secured Debts are fully repaid, whichever is later. No waiver or grace by the Pledgee of any breach of the Pledgor, or any delay of the Pledgee in exercising its right under the Transaction Agreements and this Agreement, shall affect the Pledgee's right under this Agreement, relevant PRC Laws and the Transaction Agreements to request the Pledgor to strictly perform the Transaction Agreements and this Agreement at any time, or any right enjoyed by the Pledgee due to any subsequent breach by the Pledgor of the Transaction Agreements and/or this Agreement.

7. Representations and Warranties of the Pledgor

The Pledgor represents and warrants to the Pledgee that

7.1 He is a natural person of full capacity for civil acts according to the PRC Laws, has full and separate legal status and capacity to execute, deliver and perform this Agreement, and can sue and be sued independently.

7.2 All reports, documents and information provided by them before effectiveness of this Agreement with respect to the Pledgor and all matters required by this Agreement are true, correct, complete and not misleading in all material respects when this Agreement becomes effective.

7.3 All reports, documents and information provided by them after effectiveness of this Agreement with respect to the Pledgor and all matters required by this Agreement are true and valid in all material respects when they are provided.

7.4 When this Agreement becomes effective, the Pledgor is the sole legal owner of the Pledged Equity Interest and there is not any pending or potential dispute over the title to the Pledged Equity Interest or any third party's claim. The Pledgor has the right to dispose of the Pledged Equity Interest or any part thereof.

7.5 Except for the security interest created over the Pledged Equity Interest under this Agreement or any right created under the Transaction Agreements, there is not any other security interest, any third party's interest and other restrictions over the Pledged Equity Interest.

7.6 The Pledged Equity Interest may be pledged and transferred legally, and the Pledgor has full right and power to pledge the Pledged Equity Interest in favor of the Pledgee according to the provisions hereof.

7.7 This Agreement shall constitute legal, valid and binding obligations of the Pledgor after the Pledgor properly signs it.

7.8 Except for the equity interest pledge registration with the competent market regulation administration, any consent, permission, waiver or authorization of any third party or the approval, permit, waiver, registration or filing (if required by law) of any government authority required by execution and performance of this Agreement and the Pledge of Equity Interest under this Agreement have been obtained or completed, and shall remain fully valid during the term of this Agreement.

7.9 The execution and performance by the Pledgor of this Agreement shall not violate or contradict to any law applicable to him, any agreement to which he is a party or by which he is bound, or any court's decision, arbitrator's award, or any administrative authority's decision.

7.10 The pledge hereunder constitutes the firs-rank security interest over the Pledged Equity Interest.

7.11 All taxes and fees payable on the Pledged Equity Interest have been fully paid by the Pledgor.

7.12 There is no pending or, to the knowledge of the Pledgor, threatened litigation, legal proceeding or claim at any court, arbitral tribunal or government or administrative authority against the Pledgor or his property or the Pledged Equity Interest that will have material or adverse effect on the Pledgor' economic condition or his ability to perform the obligations or the security liabilities hereunder.

7.13 The Pledgor hereby warrants to the Pledgee that the above representations and warranties are true and correct and will be fully complied with before the Contractual Obligations are fully performed or the Secured Debts are fully repaid.

8. Representations and Warranties of the Company

The Company represents and warrants to the Pledgee that

8.1 The Company is a limited liability company duly established and validly existing under the PRC Laws who has separate legal personality, has full and separate legal status and capacity to execute, deliver and perform this Agreement, and can sue and be sued independently.

8.2 All reports, documents and information provided by the Company before effectiveness of this Agreement with respect to the Pledged Equity Interest and all matters required by this Agreement are true, correct, complete and not misleading in all material respects when this Agreement becomes effective.

8.3 All reports, documents and information provided by the Company after effectiveness of this Agreement with respect to the Pledged Equity Interest and all matters required by this Agreement are true and valid in all material respects when they are provided.

8.4 This Agreement shall constitute legal, valid and binding obligations of the Company after the Company properly signs it.

8.5 It has full internal corporate power and authority to execute and deliver this Agreement and all other documents relating to the transaction contemplated hereunder and to be executed, and has full power and authority to complete the transaction contemplated hereunder.

8.6 There is no pending or, to the knowledge of the Company, threatened litigation, legal proceeding or claim at any court, arbitral tribunal or government or administrative authority against the Pledged Equity Interest or the Company or its assets that will have material or adverse effect on the Company's economic conditions or the Pledgor' ability to perform the obligations or the security liabilities hereunder.

8.7 The Company hereby agrees to be jointly and severally liable for the representations and warranties made by the Pledgor under Articles 7.4, 7.5, 7.6, 7.8, and 7.10 hereof.

8.8 The Company hereby warrants to the Pledgee that the above representations and warranties are true and correct and will be fully complied with before the Contractual Obligations are fully performed or the Secured Debts are fully repaid.

9. Undertakings of the Pledgor

The Pledgor hereby agrees and irrevocably undertakes to the Pledgee as follows:

9.1 Without the prior written consent of the Pledgee, the Pledgor will not create or permit the creation of any new pledge or other security interest over the Pledged Equity Interest, and any pledge or other security interest created over part or whole of the Pledged Equity Interest without the prior written consent of the Pledgee shall be void.

9.2 Without prior written notice to and prior written consent of the Pledgee, (i) the Pledgor will not transfer or otherwise dispose of the Pledged Equity Interest, or request the Company to reduce its capital, and any such acts taken by the Pledgor without prior consent of the Pledgee shall be void; (ii) the Pledgor will not assist or permit other existing shareholder (if applicable) to take the above acts without the prior written consent of the Pledgee. The proceeds of the transfer or other disposal of the Pledged Equity Interest by the Pledgor shall be first used to repay the Secured Debts to the Pledgee or lodged with the third person agreed with the Pledgee.

9.3 When any legal action, arbitration or other claim occurs and may have adverse effect on the interest of the Pledgor or the Pledgee under the Transaction Agreements and this Agreement or the Pledged Equity Interest, the Pledgor undertakes to promptly and timely notify the Pledgee in writing, and, at the reasonable request of the Pledgee, take all necessary actions to ensure the Pledgee's pledge interest in the Pledged Equity Interest.

9.4 The Pledgor undertakes to complete the registration of extending the Company's business period three (3) months before the Company's business period expires, to ensure the validity of this Agreement to continue.

9.5 The Pledgor will not take or permit any acts or behaviors that may have adverse effect on the Pledgee's interest under the Transaction Agreements and this Agreement or the Pledged Equity Interest.

9.6 After execution of this Agreement, the Pledgor shall use his best efforts and take all necessary actions to promptly complete the pledge registration of the Pledge of Equity Interest hereunder with relevant market regulation administration, and the Pledgor undertakes to take all necessary actions and sign all necessary documents (including but not limited to any supplemental agreement to this Agreement) at the reasonable request of the Pledgee, to ensure that the Pledgee may exercise and realize its pledge interest in the Pledged Equity Interest and relevant rights.

9.7 If the exercise of the pledge hereunder causes transfer of the Pledged Equity Interest, the Pledgor undertakes to take all actions to realize such transfer.

9.8 Where a shareholders' decision is made or a meeting of the shareholders or board of directors of the Company is convened to execute this Agreement or create or exercise the pledge hereunder, the Pledgor shall ensure the decision or the convening procedure, voting method and content of the meeting shall not violate any laws, administrative regulations of articles of association of the Company.

9.9 The Pledgor will immediately, without any delay, notify the Pledgee of any circumstance that the Pledged Equity Interest held by them may be transferred to any third party other than the Pledgee or its designated individual or entity due to any applicable PRC Laws, the decision or award of any court or arbitrator, or any other reasons, once he knows or should have known such circumstance.

10. Undertakings of the Company

The Company hereby agrees and irrevocably undertakes to the Pledgee as follows:

10.1 If the execution and performance of this Agreement and the Pledge of Equity Interest hereunder are subject to any consent, permission, waiver or authorization of any third party or the approval, permit, waiver, registration or filing (if required by law) of any government authority, it will use its best effort to assist to obtain the same and maintain the same fully valid during the term of this Agreement.

10.2 Without the prior written consent of the Pledgee, the Company will not assist or permit the Pledgor to create any new pledge or other security interest over the Pledged Equity Interest.

10.3 Without the prior written consent of the Pledgee, the Company will not assist or permit the Pledgor to transfer or otherwise dispose of the Pledged Equity Interest.

10.4 When any legal action, arbitration or other claim occurs and may have adverse effect on the Company, the Pledged Equity Interest, or the interest of the Pledgee under the Transaction Agreements and this Agreement, the Company undertakes to promptly and timely notify the Pledgee in writing, and, at the reasonable request of the Pledgee, take all necessary actions to ensure the Pledgee's pledge interest in the Pledged Equity Interest.

10.5 The Company undertakes to complete the registration of extending the Company's business period three (3) months before the Company's business period expires, to ensure the validity of this Agreement to continue.

10.6 The Company will not take or permit actions, behaviors or inactions that may have adverse effect on the interest of the Pledgee under the Transaction Agreements and this Agreement or the Pledged Equity Interest.

10.7 The Company will provide the Pledgee with the financial statements of the previous calendar quarter, including but not limited to the balance sheet, the income statement and the cash flow statement, within the first month of every calendar quarter.

10.8 The Company undertakes to take all necessary actions and sign all necessary documents (including but not limited to any supplemental agreement to this Agreement) at the reasonable request of the Pledgee, to ensure that the Pledgee may exercise and realize its pledge interest in the Pledged Equity Interest and relevant rights.

10.9 In the event of any transfer of the Pledged Equity Interest resulting from the exercise of the right of pledge hereunder, the Company warrants that it shall take all the necessary actions to effect such transfer.

10.10 The Company undertakes that after execution of this Agreement it will promptly assist the Pledgor to apply for the pledge registration of the Pledge of Equity Interest hereunder with relevant market regulation administration, and provide all necessary cooperation to complete the registration promptly.

10.11 The Company will immediately, without any delay, notify the Pledgee of any circumstance that the Pledged Equity Interest held by the Pledgor may be transferred to any third party other than the Pledgee or its designated individual or entity due to any applicable PRC Laws, the decision or award of any court or arbitrator, or any other reasons, once it knows or should have known such circumstance.

11. Change of Situation

11.1 In addition to and without breaching other provisions of the Transaction Agreements and this Agreement, if the Pledgee believes that maintaining the validity of this Agreement and/or disposing the Pledged Equity Interest in the way specified in this Agreement become illegal or contradict to any laws, regulations or rules, due to the change to the interpretation or application of such laws, regulations or rules or due to the change of relevant registration procedure, the Pledgor and the Company shall immediately take any actions and/or sign any agreements or other documents pursuant to the written instruction and at the reasonable request of the Pledgee, to:

(a) Maintain the validity of this Agreement;

(b) Benefit the disposal of the Pledged Equity Interest in the way specified in this Agreement; and/or

(c) Maintain or realize the security created or purported to create under this Agreement.

12. Effectiveness and Term of the Agreement

12.1 This Agreement becomes effective when the Parties properly sign it.

12.2 This Agreement shall remain valid until the Contractual Obligations are fully performed or the Secured Debts are fully repaid, whichever is later.

13. Notice

13.1 Any notice, request, demand or other communication required by or made under this Agreement shall be in writing and sent to relevant Parties.

13.2 Where the above notice or other communication is sent by fax or email, it will be deemed delivered when it is sent. Where the above notice or other communication is sent by personal delivery, it will be deemed delivered when it is submitted in person. Where the above notice or other communication is sent by mail, it will be deemed delivered two (2) days after it is posted.

14. Miscellaneous

14.1 The Pledgor and the Company agree that after the Pledgee may transfer its rights and/or obligations to any third party after giving notices to the Pledgor and the Company. However, the Pledgor or the Company shall not transfer any right, obligation or liability hereunder to any third party, without the prior written consent of the Pledgee.

14.2 The amount of the Secured Debts confirmed by the Pledgee when it exercises the pledge right to the Pledged Equity Interest according to the provisions hereof shall be the conclusive evidence of the Secured Debts hereunder.

14.3 This Agreement is written in Chinese. This Agreement is made in five (5) counterparts, with the Company holding one (1) counterpart, one (1) counterpart filed with the government authority for approval/registration, and the remaining counterparts maintained by the Pledgee.

14.4 The conclusion, validity, interpretation and dispute resolution of this Agreement shall be governed by the PRC Laws.

14.5 Dispute Resolution

(a) Any dispute arising from or relating to this Agreement shall be resolved first through the friendly negotiation between the Parties. If negotiation fails, the dispute shall be submitted to China International Economic and Trade Arbitration Commission for arbitration according to the arbitration rules of the Commission effective at the time of submission. The arbitration will be carried out in Shenzhen. The arbitration award is final and binding upon relevant Parties. Unless the arbitration award decides otherwise, the arbitration cost shall be borne by the losing Party. The losing Party shall further reimburse the winning Party's attorney fee and other expenses.

(b) During the period of dispute resolution, the Parties shall continue to perform other provisions of this Agreement except for the disputed matter.

(c) The Parties hereby specifically acknowledge and undertake that, subject to the laws of China, the arbitrators shall have the right to make an appropriate award according to the actual situation to provide Party B with appropriate legal remedies, including but not limited to restricting Party A's business operation, restricting and/or disposing of Party A's equity or assets (including land) (including but not limited to using the same as compensation), prohibiting the transfer or disposal or making other relevant remedies, and liquidating Party A, etc. The Parties shall implement such award.

(d) The Parties hereby specifically acknowledge and undertake that, subject to the laws of China, as property preservation or enforcement measures, at the request of one Party to the dispute, the court with jurisdiction shall have the right to make a ruling or judgment before the arbitration tribunal is formed or under other appropriate circumstances permitted by law to provide provisional reliefs to the Party, such as making detaining or freezing judgment or ruling on the property of the defaulting party or the equity of the company. Such rights of the Party and the judgment or ruling made by the court thereon shall not affect the validity of the above arbitration clause agreed upon by the Parties.

(e) After the arbitration award comes into effect, either Party shall have the right to apply to the court with jurisdiction to enforce the arbitration award.

(f) The Parties agree that the competent court at the place where (1) Hong Kong Special Administrative Region; (2) the place of registration of XPeng Inc.; (3) the place of registration of Party A (i.e. Guangzhou); and (4) the major assets of XPeng Inc. or Party A are located shall be deemed the court with jurisdiction for the purposes of this Article.

14.6 Any rights, powers and remedies granted to either Party under any provision of this Agreement shall not preclude any other rights, powers or remedies granted to the Party under laws or other provisions hereof. No exercise by either Party of its rights, powers or remedies will preclude the exercise by the Party of other rights, powers or remedies.

14.7 No failure or delay to exercise by either Party of its rights, powers or remedies under this Agreement or laws ("**Party's Rights**") will constitute waiver of such rights, and no single or partial waiver of the Party's Rights will preclude exercise by the Party of such rights in other way or of other rights.

14.8 The headings hereof are inserted for reference only, and shall not be used for or affect the interpretation of any provisions hereof.

14.9 The provisions hereof are severable and independent from other provisions. If any or several provisions hereof are decided invalid, illegal or unenforceable at any time, the validity, legality and enforceability of other provisions hereof shall not be affected.

14.10 If the Stock Exchange of Hong Kong Limited or other regulatory authorities propose any amendments to this Agreement, or if there are any changes related to this Agreement in the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited or related requirements, the Parties shall amend this Agreement accordingly.

14.11 This Agreement, once signed, shall supersede any other legal documents signed by the Parties with respect to the same subject matter, including the Equity Pledge Agreement dated September 10, 2021 among the the Pledgor, the Pledgee, the Company, He Xiaopeng and Xia Heng. Any amendment or supplement to this Agreement must be made in writing, and shall become effective after the Parties properly sign it, except that the Pledgee transfers its rights hereunder according to Article 14.1.

14.12 Any amendment or supplement to this Agreement must be made in writing, and shall become effective after the Parties properly sign it, except that the Pledgee transfers its rights hereunder according to Article 14.1.

14.13 This Agreement shall bind and inure to the benefit of the legal assigns and successors of the Parties. The successors or permitted assigns (if any) of the Pledgor and the Company shall continue to perform the obligations of the Pledgor and the Company hereunder. The Pledgor warrants to the Pledgee that he has taken all proper measures and signed all required documents so that when he goes into bankruptcy, is liquidated, or suffers other circumstance that may affect his exercise of his equity, his legal assigns, successors, creditors, liquidators, administrators, and other persons who may obtain the equity in the Company or relevant rights shall not affect or prevent performance of this Agreement. For this purpose, the Pledgor and the Company shall promptly sign all other documents and take all other actions (including but not limited to notarizing this Agreement) required by the Pledgee.

14.14 At the same time of signing this Agreement, the Pledgor shall sign a Power of Attorney ("**POA**", in the form of Exhibit 2 attached hereto), authorizing the person designated by the Pledgee to sign any and all legal documents required for the Pledgee's exercise any right hereunder on behalf of the Pledgor according to this Agreement. The POA shall be maintained by the Pledge, and if necessary, the Pledgee may submit the POA with relevant government authority at any time.

[The remainder of this page is intentionally left blank. Signature page follows.]

[Signature page of the Equity Interest Pledge Agreement]

Zhao Dawu

Signature: /s/ Zhao Dawu

[Signature page of the Equity Interest Pledge Agreement]

Guangzhou Yidian Zhihui Chuxing Technology Co., Ltd. (seal)

Legal representative: Chen Zhiyuan

Signature: /s/ Chen Zhiyuan

[Signature page of the Equity Interest Pledge Agreement]

Guangzhou Xiaopeng Zhihui Chuxing Technology Co., Ltd. (seal)

Legal representative: Zhao Dawu

Signature: /s/ Zhao Dawu

Exhibit 1:

Basic Information of the Company

Company name	Guangzhou Yidian Zhihui Chuxing Technology Co., Ltd.
Registered address	Room 406-175, No.1 Yichuang Street, China-Singapore Guangzhou Knowledge City, Huangpu District, Guangzhou
Registered capital	RMB ten million
Legal representative	Chen Zhiyuan
Shareholding structure:	

Shareholder	Shareholding percentage	Subscribed capital contribution (RMB)
Zhao Dawu	50%	Five million
Guangzhou Xiaopeng Zhihui Chuxing Technology Co., Ltd.	50%	Five million

Exhibit 2:

Power of Attorney

I, Zhao Dawu, hereby irrevocably authorize _____ (_____), as the agent of the Company, to sign all legal documents required or desired for the exercise by Guangzhou Xiaopeng Zhihui Chuxing Technology Co., Ltd. of the rights under the Equity Interest Pledge Agreement entered into by me, the Company and Guangzhou Yidian Zhihui Chuxing Technology Co., Ltd. in relation to Guangzhou Yidian Zhihui Chuxing Technology Co., Ltd..

The Principal: Zhao Dawu

Signature:

Date: April 20, 2024

Exhibit 4.9

Execution Version

Power of Attorney

Between

Zhao Dawu

And

Guangzhou Xiaopeng Zhihui Chuxing Technology Co., Ltd.

And

Guangzhou Yidian Zhihui Chuxing Technology Co., Ltd.

In relation to Guangzhou Yidian Zhihui Chuxing Technology Co., Ltd.

April 20, 2024

Power of Attorney

This Power of Attorney t ("**Agreement**") is made by the following parties on April 20, 2024 ("**Execution Date**"):

1. Zhao Dawu (ID No.: XXXXXXXXXX) ("**Existing Shareholder**");

   Contact address: Room 102, No. 8 Songgang Street, Cen Village, Changxing Avenue, Tianhe District, Guangzhou

2. Guangzhou Yidian Zhihui Chuxing Technology Co., Ltd., with its registered address at Room 406-175, No.1 Yichuang Street, China-Singapore Guangzhou Knowledge City, Huangpu District, Guangzhou, and its legal representative being Chen Zhiyuan ("**Company**").

3. Guangzhou Xiaopeng Zhihui Chuxing Technology Co., Ltd., with its registered address at Room 406-174, No.1 Yichuang Street, China-Singapore Guangzhou Knowledge City, Huangpu District, Guangzhou, and its legal representative being Zhao Dawu ("**WFOE**").

Each of the above parties is hereinafter referred to individually as a "**Party**", and collectively as the "**Parties**".

Whereas,

1. On the execution date of this Agreement, the capital contribution of the Existing Shareholder in the registered capital of the Company is RMB5 million, accounting for 50% of the shares.

2. The Existing Shareholder intends to entrust the person designated by the WFOE to exercise his voting power and decision-making power in the Company, and the WFOE intends to designate the person to accept the entrustment.

Now, therefore, the Parties agree as follows upon consensus through negotiation:

1. <u>Grant of Proxy Powers</u>

1.1 The Existing Shareholder hereby irrevocably undertakes that after the execution of this Agreement, he will respectively sign a Power of Attorney in the substance and form as shown in Schedule 1 hereto, authorizing any director or the successor of the director (including the liquidator who replaces the director and his successor) of the WFOE or its direct or indirect shareholders designated by the WFOE, excluding persons who are not independent or will have conflicts of interest, and for the avoidance of doubt, such proxies shall not include the Existing Shareholder and shall not be the "contacts" of the Existing Shareholder as defined in the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited (hereinafter referred to as "**Proxies**"), to exercise the following rights enjoyed by the Existing Shareholder as shareholder of the Company according to the Articles of Association of the Company then in effect on his behalf (hereinafter referred to as "**Entrusted Rights**"):

   (a) Representing the Existing Shareholder to propose to convene and attend the shareholders' meeting of the Company according to the Articles of Association;

   (b) Representing the Existing Shareholder to exercise voting rights on all matters to be discussed and resolved at the shareholders' meeting, sign meeting minutes, and make and sign resolutions, including but not limited to: appointing and electing directors, supervisors and other senior management personnel of the Company to be appointed and removed by shareholders; disposing of assets of the Company; amending the Articles of Association; dissolving or liquidating the Company, forming a liquidation group on behalf of the Existing Shareholder, and exercising the powers enjoyed by the liquidation group during the liquidation period according to law;

(c) Representing the Existing Shareholder to submit any required documents to relevant company registration agencies or other relevant authorities;

(d) Any shareholders' rights and other shareholders' voting rights provided in applicable laws and regulations of China and the Articles of Association (including any other shareholders' rights and voting rights stipulated under the Articles of Association as amended);

(e) Subject to subsection (b) of section 1.1, when the Existing Shareholder transfers his equity in the Company, agrees to the transfer of the Company's assets, reduces his capital contribution to the Company, or accepts the additional capital contribution by the WFOE to the Company according to the Exclusive Option Agreement signed by the Existing Shareholder on the Execution Date, signing relevant equity transfer agreement, asset transfer agreement (if applicable), capital reduction agreement, capital increase agreement, shareholders' decision and other relevant documents, and completing the governmental approval, registration, filing and other procedures required for such transfer, capital reduction or capital increase, on behalf of the Existing Shareholder;

(f) Subject to the laws and regulations of China and the Articles of Association, instructing the directors and senior management personnel of the Company to act at the instructions of the WFOE and its designee.

The above authorization of Powers is subject to consent of WFOE. When and only if the WFOE issues to the Existing Shareholder a written notice of removing or replacing the Proxy, the Existing Shareholder shall immediately entrust other person designated then by the WFOE to exercise the above Powers. The new authorization shall supersede the original one immediately after it is made. Except the foregoing, the Existing Shareholder shall not revoke any authorization to or Powers of the Proxy.

1.2 The Proxy shall perform his/her duties diligently and carefully to the extent of the Powers hereunder. The Existing Shareholder shall acknowledge and assume corresponding liabilities for any legal consequences of exercising the above Powers by the Proxy.

1.3 The Existing Shareholder hereby acknowledges that the Proxy is not required to seek for opinions of the Existing Shareholder when exercising the above Powers.

2. Right of Information

2.1 The Proxy has the right to know relevant information of the operation, business, client, finance, employee, etc. of the Company, and consult relevant documents of the Company, to exercise the Powers. The Company and the Existing Shareholder shall provide full cooperation.

3. Exercise of the Powers

3.1 The Existing Shareholder shall provide full assistance for the Proxy to exercise the Powers, including prompt signing of the shareholders' decision made by the Proxy or other related legal documents when necessary (for example, to meet the requirements of the government authority on submitting documents for approval, registration, and filing).

3.2 If it is unable to grant or exercise the Powers due to any reason (except the breach of the Existing Shareholder or the Company) at any time during the term of this Agreement, the Parties shall immediately seek an alternative closed to the unachievable provisions, and enter into a supplemental agreement when necessary to amend or adjust the provisions, to ensure the purpose of this Agreement can be achieved.

4. Exemption of Liability and Indemnification

4.1 The Parties acknowledge that in no event will the WFOE be liable in any way to other Parties or any third party or make any economic or other compensation with respect to the exercise by the person designated by it of the Powers.

4.2 The Existing Shareholder and the Company agree to indemnify the WFOE and hold the WFOE harmless from all losses the WFOE suffers or may suffer from the exercise by the Proxy of the Powers, including but not limited to any losses arising from any litigation, demand, arbitration, claim or assertion of rights by any third party, or any administrative investigation or penalty by any government authority, except for any loss caused by the intentional misconduct or gross negligence of the Proxy.

5. Representations and Warranties

5.1 The Existing Shareholder hereby represents and warrants that:

(a) The Existing Shareholder is a natural person of full capacity for civil acts according to the PRC Laws, has full and separate legal status and capacity to execute, deliver and perform this Agreement, and can sue and be sued independently.

(b) The Company is a limited liability company duly established and validly existing under the PRC Laws who has separate legal personality, has full and separate legal status and capacity to execute, deliver and perform this Agreement, and can sue and be sued independently.

(c) The Existing Shareholder has full power and authority to execute, deliver and perform this Agreement and all other documents relating to the transaction contemplated hereunder and to be executed, and has full power and authority to complete the transaction contemplated hereunder. This Agreement is executed and delivered by them legally and properly, constitutes legal and binding obligations of them, and is enforceable against them according to its terms.

(d) The Existing Shareholder is the registered legal owner of the Company when this Agreement becomes effective, and there is not any third party's rights over the Powers, except for the rights created under this Agreement, the Equity Interest Pledge Agreement and the Exclusive Option Agreement entered into between the Existing Shareholder on April 20, 2024, the Company and the WFOE. According to this Agreement, the Proxy can fully and completely exercise the Powers according to the current articles of association of the Company.

(e) The Existing Shareholder shall not make any proposal, claim or request to amend, modify, terminate or otherwise change the articles of association of the Company, without consent of the WFOE.

5.2 The Existing Shareholder hereby irrevocably undertakes to the WFOE that he will immediately, without any delay, notify the WFOE of any circumstance that the equity held by them in the Company may be transferred to any third party other than the WFOE or its designated individual or entity due to any applicable law, the decision or award of any court or arbitrator, or any other reasons, once he knows or should have known such circumstance.

5.3 The WFOE and the Company hereby severally but not jointly represent and warrant that:

(a) It is a limited liability company duly established and validly existing under the PRC Laws who has separate legal personality, has full and separate legal status and capacity to execute, deliver and perform this Agreement, and can sue and be sued independently.

(b) It has full internal corporate power and authority to execute, deliver and perform this Agreement and all other documents relating to the transaction contemplated hereunder and to be executed, and has full power and authority to complete the transaction contemplated hereunder.

5.4 The Company further represents and warrants that:

(a) The Existing Shareholder is the registered legal owner of the Company when this Agreement becomes effective, and there is not any third party's rights over the Powers, except for the rights created under this Agreement, the Equity Interest Pledge Agreement and the Exclusive Option Agreement entered into between the Existing Shareholder on April 20, 2024, the Company and the WFOE. According to this Agreement, the Proxy can fully and completely exercise the Powers according to the current articles of association of the Company.

5.5 The Company hereby irrevocably undertakes to the WFOE that it will immediately, without any delay, notify the WFOE of any circumstance that the equity held by the Existing Shareholder in the Company may be transferred to any third party other than the WFOE or the individual or entity designated by the WFOE due to any applicable law, the decision or award of any court or arbitrator, or any other reasons, once it knows or should have known such circumstance.

6. Term of Agreement

6.1 Subject to Article 6.2 and Article 6.3, this Agreement is effective when the Parties officially sign it. This Agreement shall be valid for twenty (20) years, unless the Parties terminate it in writing in advance, or this Agreement is early terminated according to Article 9.1 hereof. This Agreement shall renew for one (1) year automatically when it original term or renewal term expires, unless the WFOE notifies the other Parties thirty (30) days in advance that this Agreement will not be renewed.

6.2 Where the business period of the Company or the WFOE expires and no approval or registration formalities on extension of the business period is gone through, this Agreement shall terminate when the business period of the Company or the WFOE expires.

6.3 If the Existing Shareholder transfers his whole equity in the Company upon prior consent of the WFOE, or no longer hold any equity in the Company after reduction of the Company's capital, he will no longer the Party to this Agreement (subject, however, to Articles 4, 5.1, 6, 7, 8, 9, and 10) and this Agreement shall terminate when the Existing Shareholder has completed relevant obligations of assistance hereunder, all required documents have been properly signed, and relevant internal corporate procedure of the Company and the approval, registration, filing and other procedure of the government have been completed.

7. Notice

7.1 Any notice, request, demand or other communication required by or made under this Agreement shall be in writing and sent to relevant Parties.

7.2 Where the above notice or other communication is sent by fax or email, it will be deemed delivered when it is sent. Where the above notice or other communication is sent by personal delivery, it will be deemed delivered when it is submitted in person. Where the above notice or other communication is sent by mail, it will be deemed delivered two (2) days after it is posted.

8. Confidentiality Obligations

8.1 Each Party shall keep strict confidential the business secrets, proprietary information, client information and other confidential information of the other Party obtained during the execution and performance of this Agreement ("**Confidential Information**") regardless of whether this Agreement has been terminated. The receiving Party shall not disclose any Confidential Information to any third party, except upon prior written consent of the disclosing Party or as required by applicable laws and regulations or the rules of the jurisdiction where the affiliate of a Party is listed. The receiving Party shall not use directly or indirectly any Confidential Information except for purpose of performing this Agreement.

8.2 The Parties acknowledge that the following information is not Confidential Information:

(a) The information obtained by the receiving Party by legal means before the disclosure, which is evidenced by written proof;

(b) The information that has entered public domain not through the fault of the receiving Party; or

(c) The information obtained by the receiving Party legally through other channel after receiving the information from the disclosing Party.

8.3 The receiving Party may disclose the Confidential Information to its relevant employees, agents or any engaged professionals, provided that it shall ensure such persons to comply with relevant terms and conditions of this Agreement and shall assume any liability arising from the breach by such persons of relevant terms and conditions of this Agreement.

8.4 Notwithstanding any other provisions hereof, this Article 8 shall survive the termination of this Agreement.

9. Liabilities for Breach of Contract

9.1 The Parties agree and acknowledge that if either Party ("**Breaching Party**") materially breaches any provision hereunder, or fails or delays to perform any material obligation hereunder, it will constitute a breach of this Agreement ("**Breach**"), and each of the other Parties ("**Non-breaching Parties**") has the right to request the Breaching Party to correct or take remedial measures within a reasonable period. If the Breaching Party fails to do so within a reasonable period or ten (10) days after the Non-breaching Parties give a written notice requesting correction, then:

(a) If the Existing Shareholder or the Company breaches, the WFOE has the right to terminate this Agreement and request the Breaching Parties (/Party) to compensate any damages;

(b) If the WFOE breaches, the Non-breaching Parties have the right to request the Breaching Party to compensate damages, provided, however, that the Non-breaching Parties have no right to terminate or rescind this Agreement, unless the laws provide otherwise mandatorily.

For purpose of this Article 9.1, the Company and the Existing Shareholder further acknowledges and agrees that his breach of Article 5 hereof will constitute a material breach of this Agreement.

9.2 Notwithstanding any other provisions hereof, this Article 9 shall survive the suspension or termination of this Agreement.

10. Miscellaneous

10.1 This Agreement is written in Chinese. This Agreement is made in five (5) counterparts, with the Company holding one (1) counterpart, one (1) counterpart filed with the government authority for approval/registration, and the remaining counterparts maintained by the WFOE.

10.2 The conclusion, validity, interpretation and dispute resolution of this Agreement shall be governed by the PRC Laws.

10.3 Dispute Resolution

(a) Any dispute arising from or relating to this Agreement shall be resolved first through the friendly negotiation between the Parties. If negotiation fails, the dispute shall be submitted to China International Economic and Trade Arbitration Commission for arbitration according to the arbitration rules of the Commission effective at the time of submission. The arbitration will be carried out in Shenzhen. The arbitration award is final and binding upon relevant Parties. Unless the arbitration award decides otherwise, the arbitration cost shall be borne by the losing Party. The losing Party shall further reimburse the winning Party's attorney fee and other expenses.

(b) During the period of dispute resolution, the Parties shall continue to perform other provisions of this Agreement except for the disputed matter.

(c) The Parties hereby specifically acknowledge and undertake that, subject to the laws of China, the arbitrators shall have the right to make an appropriate award according to the actual situation to provide Party B with appropriate legal remedies, including but not limited to restricting Party A's business operation, restricting and/or disposing of Party A's equity or assets (including land) (including but not limited to using the same as compensation), prohibiting the transfer or disposal or making other relevant remedies, and liquidating Party A, etc. The Parties shall implement such award.

(d) The Parties hereby specifically acknowledge and undertake that, subject to the laws of China, as property preservation or enforcement measures, at the request of one Party to the dispute, the court with jurisdiction shall have the right to make a ruling or judgment before the arbitration tribunal is formed or under other appropriate circumstances permitted by law to provide provisional reliefs to the Party, such as making detaining or freezing judgment or ruling on the property of the defaulting party or the equity of the company. Such rights of the Party and the judgment or ruling made by the court thereon shall not affect the validity of the above arbitration clause agreed upon by the Parties.

(e) After the arbitration award comes into effect, either Party shall have the right to apply to the court with jurisdiction to enforce the arbitration award.

(f) The Parties agree that the competent court at the place where (1) Hong Kong Special Administrative Region; (2) the place of registration of XPeng Inc.; (3) the place of registration of Party A (i.e. Guangzhou); and (4) the major assets of XPeng Inc. or Party A are located shall be deemed the court with jurisdiction for the purposes of this Article.

10.4 Any rights, powers and remedies granted to either Party under any provision of this Agreement shall not preclude any other rights, powers or remedies granted to the Party under laws or other provisions hereof. No exercise by either Party of its rights, powers or remedies will preclude the exercise by the Party of other rights, powers or remedies.

10.5 No failure or delay to exercise by either Party of its rights, powers or remedies under this Agreement or laws ("**Party's Rights**") will constitute waiver of such rights, and no single or partial waiver of the Party's Rights will preclude exercise by the Party of such rights in other way or of other rights.

10.6 The headings hereof are inserted for reference only, and shall not be used for or affect the interpretation of any provisions hereof.

10.7 The provisions hereof are severable and independent from other provisions. If any or several provisions hereof are decided invalid, illegal or unenforceable at any time, the validity, legality and enforceability of other provisions hereof shall not be affected.

10.8 If the Stock Exchange of Hong Kong Limited or other regulatory authorities propose any amendments to this Agreement, or if there are any changes related to this Agreement in the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited or related requirements, the Parties shall amend this Agreement accordingly.

10.9 This Agreement, once signed, shall supersede any other legal documents signed by the Parties with respect to the same subject matter, including the Power of Attorney entered into by He Xiaopeng, Xia Heng, the WFOE, and the Company on September 10, 2021. Any amendment or supplement to this Agreement must be made in writing, and shall become effective after the Parties properly sign it, except that the WFOE transfers its rights hereunder according to Article 10.10.

10.10 Without prior written consent of the WFOE, the other Parties shall not transfer its right and/or obligation hereunder to any third party. The other Parties agree that without their written consent, the WFOE has the right to transfer any right and/or obligation hereunder to any third party, provided that a written notice shall be given to the other Parties.

10.11 This Agreement shall bind and inure to the benefit of the legal assigns and successors of the Parties. The Existing Shareholder warrants to the WFOE that he has taken all proper measures and signed all required documents so that when he goes into bankruptcy, is liquidated, or suffers other circumstance that may affect his exercise of his equity, his legal assigns, successors, heirs, liquidators, administrators, creditors and other persons who may obtain the equity interest in the Company or relevant rights shall not affect or prevent performance of this Agreement. For this purpose, the Existing Shareholder and the Company shall promptly sign all other documents and take all other actions (including but not limited to notarizing this Agreement) required by the WFOE.

[The remainder of this page is intentionally left blank. Signature page follows.]

[Signature page of the Power of Attorney]

Zhao Dawu

Signature: /s/ Zhao Dawu

[Signature page of the Power of Attorney]

Guangzhou Yidian Zhihui Chuxing Technology Co., Ltd. (seal)

Legal representative: Chen Zhiyuan

Signature: /s/ Chen Zhiyuan

[Signature page of the Power of Attorney]

Guangzhou Xiaopeng Zhihui Chuxing Technology Co., Ltd. (seal)

Legal representative: Zhao Dawu

Signature: /s/ Zhao Dawu

Exhibit 1:

Power of Attorney

This power of attorney ("**POA**") is signed by Guangzhou Yidian Zhihui Chuxing Technology Co., Ltd. on April 20, 2024 and issued to _____ (_____) ("**Proxy**").

I hereby grant to the Proxy a general authority to act as my agent and exercise, in my name, the following powers of mine, as a shareholder of Guangzhou Yidian Zhihui Chuxing Technology Co., Ltd. ("**Company**"):

(1) Exercising the voting powers and decision-making powers on all matters to be decided by the shareholders on my behalf, including but not limited to nominating and appointing directors of the Company and other officers to be appointed and removed by shareholders;

(2) Exercising, as my agent, other shareholder's voting powers specified in the articles of association of the Company (including any other shareholder's voting powers specified in amended the articles of association of the Company); and

(3) When I transfer my equity in the Company, agree to the transfer of the Company's assets, reduce my capital contribution to the Company, or accept the additional capital contribution by the Guangzhou Xiaopeng Zhihui Chuxing Technology Co., Ltd. ("**WFOE**") to the Company according to the Exclusive Option Agreement signed on the execution date of this Agreement, signing, as my agent, relevant equity transfer agreement, asset transfer agreement (if applicable), capital reduction agreement, capital increase agreement, shareholders' decision and other relevant documents, and completing the governmental approval, registration, filing and other procedures required for such transfer, capital reduction or capital increase.

I hereby irrevocably acknowledge that unless the WFOE issues an instruction to me requesting replacement of the Proxy, the POA shall remain valid until the Power of Attorney entered into between the WFOE, the Company and the Existing Shareholder on April 20, 2024 expires or terminates early.

[*No text below.*]

The Principal: Chen Zhiyuan

Signature: /s/ Chen Zhiyuan

Date: , 2024

Exhibit 4.10

Tripartite Agreement
on the Comprehensive Assignment of Rights and Obligations
under the Loan Agreement

Party A: He Xiaopeng, Xia Heng

Contact address: Room 102, No. 8 Songgang Street, Cen Village, Changxing Avenue, Tianhe District, Guangzhou

Party B: Guangzhou Xiaopeng Zhihui Chuxing Technology Co., Ltd.

Contact address: Room 406-175, No.1 Yichuang Street, China-Singapore Guangzhou Knowledge City, Huangpu District, Guangzhou

Party C: Zhao Dawu

Contact address: No. 8 Songgang Street, Cen Village, Changxing Avenue, Tianhe District, Guangzhou

Whereas:

On September 10, 2021, Party A and Party B entered into the Loan Agreement ("**Original Agreement**"). As of the date of signing this Agreement, Party A has not repaid Party B the principal loan amount of RMB 5 million under the Original Agreement. Following friendly negotiations and based on the actual situation, both Parties hereby reach the following consensus:

a. Party A transfers all rights and obligations legally enjoys under the Original Agreement to Party C. Upon the effectiveness of this Agreement, Party A will no longer enjoy any of the rights stipulated in the Original Agreement nor bear any of the obligations stipulated in the Original Agreement. Specifically, Party A does not need to pay any additional fees to Party C or Party B for the arrangement of transferring the rights and obligations of the Original Agreement under this Agreement.

b. Party C agrees to assume all the rights and obligations that Party A legally enjoys under the Original Agreement. Upon the effectiveness of this Agreement, Party C will enjoy all the rights stipulated for Party A in the Original Agreement and will assume all the obligations stipulated for Party A in the Original Agreement.

c. Party C agrees to continue to perform all the rights and obligations under the Original Agreement to Party B in accordance with the terms of the Original Agreement.

d. For avoidance of doubt, upon the effectiveness of this Agreement, Article 4.2 of the Original Agreement refers solely to the Exclusive Option Agreement signed by Party C, Party B, and other relevant Parties on April 20, 2024.

e. Party B agrees to the arrangements for the transfer of rights and obligations between Party B and Party C under this agreement, and as of the signing date of this Agreement, neither Party A nor Party B has encountered any disputes or controversies regarding the performance of the Original Agreement, and there are no existing overdue payments or other fees under the Original Agreement.

f. Upon the effectiveness of this Agreement, it shall become an integral part of the Original Agreement and shall have the same legal effect as the Original Agreement. In the event of any conflict between this Agreement and the Original Agreement, this Agreement shall prevail.

g. This Agreement is executed in triplicate with each party holding one copy, all of which have equal legal effect, and shall become effective from the date of signing and stamping by all three parties.

[The remainder of this page is intentionally left blank. Signature page follows.]

[Signature page of the Tripartite Agreement on the Comprehensive Assignment of Rights and Obligations under the Loan Agreement]

Party A: He Xiaopeng

Signature: /s/ He Xiaopeng

Xia Heng

Signature: /s/ Xia Heng

Date: April 20, 2024

Party B: Guangzhou Xiaopeng Zhihui Chuxing Technology Co., Ltd. (seal)

Legal representative: Zhao Dawu

Signature: /s/ Zhao Dawu

Date: April 20, 2024

Party C: Zhao Dawu

Signature: /s/ Zhao Dawu

Date: April 20, 2024

Exhibit 4.11

Execution Version

Exclusive Service Agreement

Between

Guangzhou Yidian Zhihui Chuxing Technology Co., Ltd.

And

Guangzhou Xiaopeng Zhihui Chuxing Technology Co., Ltd.

April 20, 2024

Exclusive Service Agreement

This exclusive service agreement ("**Agreement**") is made by the following parties on April 20, 2024:

1. Guangzhou Yidian Zhihui Chuxing Technology Co., Ltd., with its registered address at Room 406-175, No.1 Yichuang Street, China-Singapore Guangzhou Knowledge City, Huangpu District, Guangzhou, and its legal representative being Xia Heng ("**Party A**").

2. Guangzhou Xiaopeng Zhihui Chuxing Technology Co., Ltd., with its registered address at Room 406-174, No.1 Yichuang Street, China-Singapore Guangzhou Knowledge City, Huangpu District, Guangzhou, and its legal representative being Xia Heng ("**Party B**").

(Each of Party A and Party B is hereinafter referred to collectively as the "**Parties**" and individually as a "**Party**".)

Recitals:

Whereas, Party A is a limited liability company established in Guangzhou and validly existing according to law, the business scope of which is "computer technology development, technical services; car leasing; computer technology transfer services; road cargo transportation agency; logistics agency services; software wholesale; software retail; software development; software services; software testing services; software technology promotion services; data processing and storage services; design of data processing and storage product; corporate management services (except for the business projects subject to license); corporate management consulting services; marketing planning services; conference and exhibition services; advertising industry; online goods sales (except the goods subject to license and approval); online goods retail (except the goods subject to license and approval); computer network system engineering services; network technology research and development; network information technology promotion services; network security information consultation; IT consulting services; goods information consulting services; technical research and development of vehicle engineering; road freight transportation; online car-hailing transportation; value-added telecommunications services (the service types shall be subject to the contents specified in the Value-added Telecommunications Business License);

Whereas, Party B is a limited liability company incorporated in Guangzhou and validly existing according to law, the business scope of which includes "Engineering and technology research and experimental development; information consulting services (excluding licensed information consulting services); information technology consulting services; used car dealerships; car towing, rescue, and recovery services; business agency services; retail of computer software, hardware, and auxiliary equipment; computer system services; internet sales (excluding goods requiring licenses); wholesale of auto parts; sales of new energy vehicles; sales of new energy vehicle electrical accessories; sales of new cars; sales of automotive decorative products; retail of auto parts; car rental; operation of electric vehicle charging infrastructure; sales of electronic products; software sales; software development; data processing and storage support services; data processing services; enterprise management; enterprise management consulting; marketing planning; conference and exhibition services; network technology services; sales of communication equipment; industrial design services; motor vehicle charging sales; sales of distributed AC charging piles; technical services, technical development, technical consulting, technical exchange, technical transfer, technical promotion; online car-hailing business services; road freight transportation (excluding hazardous goods).";

Whereas, Party A needs Party B to provide the services related to Party A's Business (as defined below) and Party B agrees to provide such services to Party A.

Now, therefore, the Parties agree as follows upon consensus through negotiation:

1. Definitions

1.1 The following terms used in this Agreement have the meanings below, unless this Agreement stipulates otherwise or the context requires otherwise:

"Party A's Business"	Means the business activities conducted and developed by Party A at the present or at any time during the term of this Agreement.
"Services"	Means the services provided by Party B within its business scope to Party A exclusively with respect to Party A's Business, including but not limited to: technical services, business consulting, intellectual property licensing, equipment or leasing, market consulting, product research and development, and system maintenance.
"Annual Business Plan"	Means the business development plan and budget report of Party A for the next calendar year prepared by Party A with the assistance of Party B before November 30 of each year according to this Agreement.
"Service Fee"	Means all fees payable by Party A to Party B for the Services provided by Party B according to Article 3 hereof.
"Business-related IP"	Means any and all intellectual properties developed by Party A based on the Services provided by Party B hereunder with respect to Party A's Business.
"Confidential Information"	Has the meaning set forth in Article 6.1 hereof.
"Breaching Party"	Has the meaning set forth in Article 12.1 of this Agreement.
"Breach"	Has the meaning set forth in Article 12.1 of this Agreement.
"Party's Rights"	Has the meaning set forth in Article 14.5 of this Agreement.

1.2 Any reference to any laws and regulations ("**Laws**") shall be reference to:

(a) those Laws as amended, modified, supplemented and restated, whether they become effective before or after the conclusion of this Agreement; and

(b) other decisions, notices and regulations prepared or effective under the Laws.

1.3 Unless the context indicates otherwise, any reference to any articles, paragraphs, subparagraphs or items herein are reference to the articles, paragraphs, subparagraphs or items of this Agreement.

2. Services

2.1 During the term of this Agreement, party A entrusts exclusively Party B to provide the Services, and Party B shall diligently provide Party A with the Services according to the needs of Party A's Business. The Parties understand that Party B's actual provision of Services is subject to Party B's approved business scope. If the Service requested to be provided by Party A exceeds Party B's approved business scope, Party B shall apply for expanding its business scope to the maximum extent permitted by Laws, and continue to provide relevant Service after the expansion of its business scope is approved.

2.2 Party B shall communicate and exchange relevant information of Party A's Busines with Party A, to provide the Services hereunder.

2.3 Notwithstanding any other provisions hereof, Party B has the right to designate any third party to provide the Services hereunder in whole or in part, or delegate the third party to perform its obligations hereunder. Party A hereby agrees that Party B has the right to transfer its rights and obligations hereunder to any third party.

3. Service Fee

3.1 In respect of the Services provided by Party B according to this Agreement, Party A shall pay the Service Fee to Party B according to the following provisions:

3.1.1 Upon agreement by the Parties through negotiation, Party A shall pay relevant Service Fee to Party B on an annual basis for the Services provided by Party B to Party A in each calendar year of the term of this Agreement.

3.1.2 Upon agreement by the Parties through negotiation, Party A shall pay relevant Service Fee to Party B separately for the specific Services provided by Party B to Party A from time to time at the request of Party A.

3.2 Party B shall promptly issue payment notice and special VAT invoice to Party A and settle annually. Party A shall pay Party B the above Service Fee (tax inclusive) within one month after receiving the invoice.

3.3 The Parties agree that to extent that the scope of Service and the amount of the Service Fee specified in Article 3.1 and Article 3.2 do not violate any mandatory provisions of laws and regulations, the Parties shall determine and adjust according to the proposal made by Party B from time to time. Party A shall not reject Party B's proposal without any reasonable cause.

3.4 The Parties shall assume their respective taxes and obligations of withholding (if any) according to the applicable laws.

4. Obligations of Party A

4.1 Party B's services hereunder are exclusive. During the term of this Agreement, without the prior written consent of Party B, Party A shall not enter into any agreement with any other third party or accept from such third party any other service same as or similar to the services provided by Party B.

4.2 Party A shall provide Party B with its definitive Annual Business Plan for the next year before November 30 of each year so that Party B may prepare corresponding service plan and arrange the required manpower and service capacity. If Party A needs any manpower to be arranged by Party B temporarily, it shall negotiate with Party B fifteen (15) days in advance to reach an agreement.

4.3 To facilitate the provision of the Services by Party B, at the request of Party B, Party A shall provide Party B with the information required by Party B.

4.4 Party A shall pay the Service Fee to Party B promptly and fully according to the provisions of Article 3 hereof.

4.5 Party A shall maintain its own good reputation, actively expand its business, and strive to maximize its revenue.

4.6 During the term of this Agreement, Party A agrees to cooperate with Party B and Party B's parent company (whether direct or indirect) to carry out audits on related-party transactions or other issues and provide relevant information and material relating to Party A's operation, business, client, finance, employee, etc. to Party B and Party B's parent company or the auditor appointed by Party B, and agrees that Party B's parent company may disclose such information or material to meet the requirements of the regulators in the place where the securities of Party B's parent company are listed.

5. Intellectual Property Rights

5.1 The intellectual property rights held originally or obtained during the term of this Agreement by Party B, including the intellectual property rights to the work achievement created during the provision of the Services, shall be owned by Party B.

5.2 Since Party A's Business is dependent on the Services to be provided by Party B hereunder, in respect of the intellectual property rights to the business developed by Party A based on the Services, Party A agrees that:

(1) if the intellectual property rights to such business are obtained by Party A upon the entrustment of Party B or through the cooperation between Party A and Party B, the ownership and the application right related to relevant intellectual property rights shall be vested in Party B.

(2) if relevant intellectual property rights to the business are developed and obtained by Party A independently, the ownership shall be vested in Party A, provided that (A) Party A promptly notifies Party B of the details of such intellectual property rights and provides relevant information reasonably requested by Party B; (B) if Party A intends to license or transfer relevant intellectual property rights to the business, Party A shall first transfer such intellectual property rights to Party B or grant an exclusive license to Party B on such intellectual property rights subject to the mandatory provisions of the laws of China, and Party B may use such intellectual property rights to the extent of the transfer or license (however, Party B has the right to decide whether to accept such transfer or license); Party A can transfer or license such intellectual property rights to any third party only when Party B waives the priority to purchase such intellectual property rights or waives the exclusive license on the conditions not more favorable than those offered to Party B (including but not limited to the transfer price or license royalty), and shall ensure that the third party will fully comply with and perform the obligations of Party A hereunder; (C) except the circumstance specified in the above Item (B), during the term of this Agreement, Party B has the right to purchase relevant intellectual property rights to the business; then Party A shall agrees to such purchase subject to the mandatory provisions of the laws of China at the minimum price permitted by the current laws of China.

5.3 If Party B is granted the exclusive license to use relevant intellectual property rights to the abovementioned business according to Paragraph (2) of Article 5.2 hereof, the following provisions shall apply:

(1) The license period shall be no less than five (5) years (starting from the effective date of relevant license agreement);

(2) The scope of right under the license shall be as large as possible;

(3) During the license period and within the license scope, no other party (including Party A) other than Party B may use or permit others to use such intellectual property rights in whatever forms;

(4) Without prejudice to the conditions under Paragraph (3) of Article 5.3, Party A has the right to decide in its sole discretion to authorize any other third party to use such intellectual property rights;

(5) When the license period expires, Party B has the right to renew the license agreement and Party A shall agree to such renewal. The original terms of the license agreement shall be maintained, except the changes approved by Party B.

5.4 Notwithstanding the provisions of Paragraph (2) of Article 5.2, if relevant intellectual property rights to the business specified in that paragraph can be established only when they are registered according to applicable law, the application for registration shall be carried out according to the following provisions:

(1) If Party A intends to apply for the registration of the above intellectual property rights, it shall obtain the prior written consent of Party B.

(2) Party A may apply for the registration or transfer the application right to any third party only when Party B waives the right to purchase the right to apply for registration of relevant intellectual property rights to the business. Where Party A transfers the above application right to any third party, Party A shall ensure the third party to fully comply with and perform its obligations hereunder. Meanwhile, the conditions on which Party A transfers the application right to the third party (including but not limited the transfer price) shall not be more favorable than the conditions it offers to Party B under Paragraph (3) of Article 5.4.

(3) During the term of this Agreement, Party B may request at any time Party A to apply for registration of relevant intellectual property rights to the business, and decide in its sole discretion whether to purchase the above application right. At the request of Party B, Party A shall transfer the application right to Party B subject to the mandatory provisions of the laws of China at the minimum price permitted by the current laws of China. Party B shall become the legal owner of relevant intellectual property rights to the business after it obtains the application right and then applies for and completes the registration of such intellectual property rights.

5.5 Each Party undertakes to indemnify the other Party any and all economic losses incurred by the other Party due to the first Party's infringement of other's intellectual property rights (including copyright, trademark, patent, and know-how).

6. Confidentiality Obligations

6.1 Each Party shall keep strict confidential the business secrets, proprietary information, client information and other confidential information of the other Party obtained during the execution and performance of this Agreement ("**Confidential Information**") regardless of whether this Agreement has been terminated. The receiving Party shall not disclose any Confidential Information to any third party, except upon prior written consent of the disclosing Party or as required by applicable laws and regulations or the rules of the jurisdiction where the affiliate of a Party is listed. The receiving Party shall not use directly or indirectly any Confidential Information except for purpose of performing this Agreement.

6.2 The Parties acknowledge that the following information is not Confidential Information:

(a) The information obtained by the receiving Party by legal means before the disclosure, which is evidenced by written proof;

(b) The information that has entered public domain not through the fault of the receiving Party; or

(c) The information obtained by the receiving Party legally through other channel after receiving the information from the disclosing Party.

6.3 The receiving Party may disclose the Confidential Information to its relevant employees, agents or any engaged professionals, provided that it shall ensure such persons to comply with relevant terms and conditions of this Agreement and shall assume any liability arising from the breach by such persons of relevant terms and conditions of this Agreement.

6.4 Notwithstanding any other provisions hereof, this Article 6 shall survive the suspension or termination of this Agreement.

7. Representations and Warranties of Party A

Party A hereby represents and warrants to Party B that

7.1 it is a limited liability company duly established and validly existing under the laws of China who has separate legal personality, has full and separate legal status and capacity to execute, deliver and perform this Agreement, and can sue and be sued independently.

7.2 it has full internal power and authority to execute, deliver and perform this Agreement and all other documents relating to the transaction contemplated hereunder and to be executed, and has full power and authority to complete the transaction contemplated hereunder. This Agreement is duly executed and delivered by it, constitutes its legal and binding obligations, and is enforceable against it according to the terms hereof.

7.3 it shall promptly notify Party B of any circumstance that has or may have material adverse effect on Party A's Business and operation, and use its best effort to prevent the occurrence of such circumstance and/or expansion of loss.

7.4 it shall not dispose of any of its material assets in whatever form or change its existing shareholding structure, without the written consent of Party B.

7.5 it holds all the business licenses and certificates required for its operation when this Agreement becomes effective, and has full right and qualification to operate Party A's Business currently conducted by it in China.

7.6 At the written request of Party B, it shall use all of its current accounts receivable and/or other assets it legally owns and may dispose of as the security for the payment of the Service Fee specified in Article 3 hereof.

7.7 it shall indemnify Party B and hold Party B harmless from all losses Party B suffers or may suffer from provision of the Services, including but not limited to any losses arising from any litigation, demand, arbitration, or claim by any third party, or any administrative investigation or penalty by any government authority, except for any loss caused by the intentional misconduct or gross negligence of Party B.

7.8 it shall not enter into any other agreement or arrangement that contradicts to this Agreement or may damage Party B's interest hereunder, without the written consent of Party B.

8. Representations and Warranties of Party B

Party B hereby represents and warrants to Party A that

8.1 it is a limited liability company duly established and validly existing under the laws of China who has separate legal personality, has full and separate legal status and capacity to execute, deliver and perform this Agreement, and can sue and be sued independently.

8.2 it has full internal power and authority to execute, deliver and perform this Agreement and all other documents relating to the transaction contemplated hereunder and to be executed, and has full power and authority to complete the transaction contemplated hereunder. This Agreement is duly executed and delivered by it, constitutes its legal and binding obligations, and is enforceable against it according to the terms hereof.

9. Term of Agreement

9.1 This Agreement is effective when the Parties officially sign it. This Agreement shall be valid for twenty (20) years, unless this Agreement expressly provides otherwise or the Parties terminate it by written notice. This Agreement shall renew for one (1) year automatically when it original term or renewal term expires, unless Party B notifies Party A thirty (30) days in advance that this Agreement will not be renewed.

9.2 Where the business period of Party A or Party B expires and no approval or registration formalities on extension of the business period is gone through, this Agreement shall terminate when the business period of Party A or Party B expires. The Parties shall complete the approval or registration formalities on extension of their respective business period three (3) months before expiration of their respective business period to renew the term of this Agreement.

9.3 The Parties shall continue to perform the obligations under Article 6 hereof when and after this Agreement terminates.

10. Indemnification

Party A shall indemnify Party B and hold Party B harmless from all losses Party B suffers or may suffer from provision of the Services, including but not limited to any losses arising from any litigation, demand, arbitration, or claim by any third party, or any administrative investigation or penalty by any government authority, except for any loss caused by the intentional misconduct or gross negligence of Party B.

11. Notice

11.1 Any notice, request, demand or other communication required by or made under this Agreement shall be in writing and sent to relevant Parties.

11.2 Where the above notice or other communication is sent by fax or email, it will be deemed delivered when it is sent. Where the above notice or other communication is sent by personal delivery, it will be deemed delivered when it is submitted in person. Where the above notice or other communication is sent by mail, it will be deemed delivered two (2) days after it is posted.

12. Liabilities for Breach of Contract

12.1 The Parties agree and acknowledge that if either Party ("**Breaching Party**") materially breaches any provision hereunder, or fails or delays to perform any material obligation hereunder, it will constitute a breach of this Agreement ("**Breach**"), and the other Party has the right to request the Breaching Party to correct or take remedial measures within a reasonable period. If the Breaching Party fails to do so within a reasonable period or ten (10) days after the other Party gives a written notice requesting correction, and if the Breaching Party is Party A, then Party B has the right to (1) terminate this Agreement and request the Breaching Party to compensate all damages; or (2) request the enforcement of the Breaching Party's obligations hereunder and request the Breaching Party to compensate all damages; if the Breaching Party is Party B, then Party A has the right to request the Breaching Party to continue to perform its obligations hereunder and to compensate all damages.

12.2 Notwithstanding any provisions of Article 12.1 hereof, the Parties agree and acknowledge that Party A shall not request to terminate this Agreement on whatever grounds and in whatever circumstances, unless the law or this Agreement provides otherwise.

12.3 Notwithstanding any other provisions hereof, this Article 12 shall survive the suspension or termination of this Agreement.

13. Force Majeure

Where either Party's performance of this Agreement is directly affected by or either Party is unable to perform this Agreement according to the provisions hereof due to any earthquakes, typhoons, floods, fires, wars, computer viruses, tool software design vulnerabilities, hacker attacks on the Internet, changes in policies or laws, and other force majeure events that are unforeseeable and the consequence of which are unpredictable or unavoidable, the affected Party shall immediately notify the other Party by fax, and within thirty (30) days, provide the details of the force majeure event and the certificate issued by a notary in the place of the force majeure event to prove that this Agreement is unable to perform or its performance needs to be postponed. The Parties shall negotiate to decide whether to waive part performance of this Agreement or to delay the performance based on the effect of the force majeure event on the performance of this Agreement. Neither Party shall be liable for any economic loss of the other Party caused by the force majeure event.

14. Miscellaneous

14.1 This Agreement is written in Chinese. This Agreement is made in five (5) counterparts, with Party A holding one (1) counterpart, one (1) counterpart filed with the government authority for approval/registration, and the remaining counterparts maintained by Party B.

14.2 The conclusion, validity, performance, modification, interpretation and dispute resolution of this Agreement shall be governed by the laws of China.

14.3 Dispute Resolution

14.3.1 Any dispute arising from or relating to this Agreement shall be resolved first through the friendly negotiation between the Parties. If negotiation fails, the dispute shall be submitted to China International Economic and Trade Arbitration Commission for arbitration according to the arbitration rules of the Commission effective at the time of submission. The arbitration will be carried out in Shenzhen. The arbitration award is final and binding upon relevant Parties. Unless the arbitration award decides otherwise, the arbitration cost shall be borne by the losing Party. The losing Party shall further reimburse the winning Party's attorney fee and other expenses.

14.3.2 During the period of dispute resolution, the Parties shall continue to perform other provisions of this Agreement except for the disputed matter.

14.3.3 The Parties hereby specifically acknowledge and undertake that, subject to the laws of China, the arbitrators shall have the right to make an appropriate award according to the actual situation to provide Party B with appropriate legal remedies, including but not limited to restricting Party A's business operation, restricting and/or disposing of Party A's equity or assets (including land) (including but not limited to using the same as compensation), prohibiting the transfer or disposal or making other relevant remedies, and liquidating Party A, etc. The Parties shall implement such award.

14.3.4 The Parties hereby specifically acknowledge and undertake that, subject to the laws of China, as property preservation or enforcement measures, at the request of one Party to the dispute, the court with jurisdiction shall have the right to make a ruling or judgment before the arbitration tribunal is formed or under other appropriate circumstances permitted by law to provide provisional reliefs to the Party, such as making detaining or freezing judgment or ruling on the property of the defaulting party or the equity of the company. Such rights of the Party and the judgment or ruling made by the court thereon shall not affect the validity of the above arbitration clause agreed upon by the Parties.

14.3.5 After the arbitration award comes into effect, either Party shall have the right to apply to the court with jurisdiction to enforce the arbitration award.

14.3.6 The Parties agree that the competent court at the place where (1) Hong Kong Special Administrative Region; (2) the place of registration of XPeng Inc.; (3) the place of registration of Party A (i.e. Guangzhou); and (4) the major assets of XPeng Inc. or Party A are located shall be deemed the court with jurisdiction for the purposes of this Article.

14.4 Any rights, powers and remedies granted to either Party under any provision of this Agreement shall not preclude any other rights, powers or remedies granted to the Party under laws or other provisions hereof. No exercise by either Party of its rights, powers or remedies will preclude the exercise by the Party of other rights, powers or remedies.

14.5 No failure or delay to exercise by either Party of its rights, powers or remedies under this Agreement or laws ("**Party's Rights**") will constitute waiver of such rights, and no single or partial waiver of the Party's Rights will preclude exercise by the Party of such rights in other way or of other rights.

14.6 The headings hereof are inserted for reference only, and shall not be used for or affect the interpretation of any provisions hereof.

14.7 The provisions hereof are severable and independent from other provisions. If any or several provisions hereof are decided invalid, illegal or unenforceable at any time, the validity, legality and enforceability of other provisions hereof shall not be affected.

14.8 If the Stock Exchange of Hong Kong Limited or other regulatory authorities propose any amendments to this Agreement, or if there are any changes related to this Agreement in the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited or related requirements, the Parties shall amend this Agreement accordingly.

14.9 Upon execution, this Agreement will replace any other legal documents previously executed by the Parties on the same subject matter, including the Exclusive Service Agreement dated September 10, 2021 between the Parties. Any amendment or supplement to this Agreement must be made in writing, and shall become effective after the Parties properly sign it, except that Party B transfers its rights hereunder according to Article 14.10.

14.10 Without prior written consent of Party B, Party A shall not transfer its right and/or obligation hereunder to any third party. Party A agrees that without its written consent, Party B has the right to transfer unilaterally any right and/or obligation hereunder to any third party, provided that a written notice shall be given to Party A.

14.11 This Agreement shall bind and inure to the benefit of the legal assigns, successors and creditors of the Parties and other entities that may obtain the equity interest or relevant rights in the Parties.

14.12 The Parties undertake to declare and pay their respective taxes relating to the transaction contemplated hereunder according to law.

[The remainder of this page is intentionally left blank. Signature page follows.]

[Signature page of the Exclusive Service Agreement]

Guangzhou Yidian Zhihui Chuxing Technology Co., Ltd. (seal)

Legal representative: Chen Zhiyuan

Signature: /s/ Chen Zhiyuan

[Signature page of the Exclusive Service Agreement]

Guangzhou Xiaopeng Zhihui Chuxing Technology Co., Ltd. (seal)

Legal representative: Zhao Dawu

Signature: /s/ Zhao Dawu

Exhibit 4.12

Execution Version

Exclusive Option Agreement

Between

Zhao Dawu

And

Guangzhou Xiaopeng Zhihui Chuxing Technology Co., Ltd.

And

Guangzhou Yidian Zhihui Chuxing Technology Co., Ltd.

In relation to Guangzhou Yidian Zhihui Chuxing Technology Co., Ltd.

April 20, 2024

Exclusive Option Agreement

This exclusive option agreement ("**Agreement**") is made by the following parties on April 20, 2024 ("**Execution Date**"):

1. Zhao Dawu (ID No.: XXXXXXXXXX) ("**Existing Shareholder**");

   Contact address: Room 102, No. 8 Songgang Street, Cen Village, Changxing Avenue, Tianhe District, Guangzhou

2. Guangzhou Yidian Zhihui Chuxing Technology Co., Ltd., with its registered address at Room 406-175, No.1 Yichuang Street, China-Singapore Guangzhou Knowledge City, Huangpu District, Guangzhou, and its legal representative being Chen Zhiyuan ("**Company**").

3. Guangzhou Xiaopeng Zhihui Chuxing Technology Co., Ltd., with its registered address at Room 406-174, No.1 Yichuang Street, China-Singapore Guangzhou Knowledge City, Huangpu District, Guangzhou, and its legal representative being Zhao Dawu ("**WFOE**").

Each of the above parties is hereinafter referred to individually as a "**Party**", and collectively as the "**Parties**".

Whereas,

1. On the execution date of this Agreement, the Existing Shareholder is the registered shareholder of the Company and holds 50% of the shares of the Company according to law. On the execution date of this Agreement, the capital contribution of the Existing Shareholder in the registered capital of the Company is RMB5 million, accounting for 50% of the shares. The basic information of the Company is shown in Exhibit 1.

2. Subject to the current PRC Laws, the Existing Shareholder is willing to transfer his entire equity interest in the Company to the WFOE and/or its designated entity and/or individual, and the WFOE is willing to accept such transfer by itself or through its designated entity and/or individual.

3. Subject to the current PRC Laws, the Company is willing to transfer its assets to the WFOE and/or its designated entity and/or individual, and the WFOE is willing to accept such transfer by itself or through its designated entity and/or individual.

4. Subject to the current PRC Laws, the Company and the Existing Shareholder intend that the capital of the Company will be reduced and then increased by the WFOE or its designated entity and/or individual, and the WFOE is willing to subscribe for such additional capital by itself or by its designated entity and/or individual.

5. In order to effect the above transfer of equity interest and assets, the Existing Shareholder and the Company agree to grant to the WFOE the exclusive and irrevocable Equity Transfer Option and Asset Purchase Option. According to the Equity Transfer Option and Asset Purchase Option, subject to the PRC Laws, the Existing Shareholder or the Company, shall at the request of the WFOE transfer the Option Equity or the Assets (as defined below) to the WFOE and/or its designated entity and/or individual according to the provision hereof. In order to effect the above capital reduction of the Company and the capital increase by the WFOE to the Company, the Existing Shareholder and the Company agree to grant to the WFOE an irrevocable Capital Increase Option. According to the Capital Increase Option, subject to the PRC Laws, the Company shall reduce its capital at the request of the WFOE, and then the WFOE and/or its designated entity and/or individual will subscribe for the Capital Increase Equity (as defined below).

6. The Company agrees that the Existing Shareholder will grant to the WFOE the Equity Transfer Option (as defined below) according to this Agreement.

7. The Existing Shareholder agrees that the Company will grant to the WFOE the Asset Purchase Option (as defined below) according to this Agreement.

8. The Company and the Existing Shareholder agree to grant to the WFOE the Capital Increase Option (as defined below) according to this Agreement.

Now, therefore, the Parties agree as follows upon consensus through negotiation:

1. Definitions

1.1 The following terms used in this Agreement have the meanings below, unless the context requires otherwise:

"PRC Laws"	Means the currently valid laws, administrative regulations, administrative rules, local regulations, judicial interpretations and other binding normative documents of the People's Republic of China.
"Equity Transfer Option"	Means the option granted by the Existing Shareholder to the WFOE according to the terms and conditions hereof to purchase the equity interest of the Company.
"Asset Purchase Option"	Means the option granted by the Company to the WFOE according to the terms and conditions hereof to purchase any asset of the Company.
"Capital Increase Option"	Means the option granted by the Company and the Existing Shareholder to the WFOE according to the terms and conditions hereof to request the Company to reduce its capital (part or all of the Option Equity (as defined below)), and to allow the WFOE and/or its designated entity and/or individual to purchase the newly increased registered capital of the Company.
"Option Equity"	Means the entire equity interest held by the Existing Shareholder in the Registered Capital (as defined below) of the Company, as may be expanded by any equity of the Company additionally held by the Existing Shareholder during the term of this Agreement, which accounts for 50% of the Registered Capital as of the Execution Date.
"Registered Capital"	Means the registered capital of the Company of RMB ten million (RMB10,000,000) as of the Execution Date, as may be expanded by any capital increase in whatever form during the term of this Agreement.
"Transfer Equity"	Means the equity interest which the WFOE has the right to request the Existing Shareholder to transfer to it and/or its designated entity and/or individual when the WFOE exercises the Equity Transfer Option according to Article 3 hereof, the number of which may be part or all of the Option Equity and will be determined by the WFOE in its sole discretion according to the current PRC Laws and its own business consideration.
"Transfer Assets"	Means the assets of the Company which the WFOE has the right to request the Company to transfer to it and/or its designated entity and/or individual when the WFOE exercises the Asset Purchase Option according to Article 3 hereof, which may be part or all of the assets of the Company and will be determined by the WFOE in its sole discretion according to the current PRC Laws and its own business consideration.

"Capital Increase Equity"	Means the newly increased Registered Capital which the WFOE and/or its designated entity and/or individual have the right to subscribe for after the reduction of capital of the Company when the WFOE exercises the Capital Increase Option according to Article 3 hereof, the number of which will be determined by the WFOE in its sole discretion according to the current PRC Laws and its own business consideration.
"Exercise"	Means the WFOE exercises the Equity Transfer Option, the Asset Purchase Option or the Capital Increase Option.
"Transfer Price"	Means the entire consideration payable by the WFOE and/or its designated entity and/or individual to the Existing Shareholder or the Company for acquisition of the Transfer Equity or the Transfer Assets at each Exercise.
"Capital Reduction Price"	Means the entire consideration payable by the Company to the Existing Shareholder for reduction of the Registered Capital at each Exercise of the WFOE.
"Capital Increase Price"	Means the entire consideration payable by the WFOE and/or its designated entity and/or individual to the Company for subscription of the Capital Increase Equity at each Exercise.
"Business Licenses"	Means any approvals, permits, filings, registrations, etc. the Company must hold for legally and validly operating its business, including but not limited to the Business License of Enterprise Legal Person and other relevant permits and certificates that may be required by the current PRC Laws.
"Assets"	Means all tangible and intangible assets that are owned or can be disposed of by the Company during the term of this Agreement, including but not limited to any real property, personal property, trademark, copyright, patent, know-how, domain name, software use right and other intellectual property rights.
"Material Agreements"	Means any agreements to which the Company is a party and which have material effect on the business or assets of the Company, including but not limited to the Exclusive Service Agreement and other material agreements relating to the business of the Company.
"Exercise Notice"	Has the meaning set forth in Article 3.9 of this Agreement.
"Loan Agreements"	Means the Loan Agreement dated September 10, 2021 among the He Xiaopeng, Xia Heng and the WFOE and the Tripartite Agreement on the Comprehensive Assignment of Rights and Obligations under the Loan Agreement dated April 20, 2024 among He Xiaopeng, the Existing Shareholder and the WFOE.
"Confidential Information"	Has the meaning set forth in Article 8.1 of this Agreement.
"Breaching Party"	Has the meaning set forth in Article 11.1 of this Agreement.
"Breach"	Has the meaning set forth in Article 11.1 of this Agreement.

"Non-breaching Party "	Has the meaning set forth in Article 11.1 of this Agreement.
"Party's Rights"	Has the meaning set forth in Article 12.5 of this Agreement.

1.2 Any reference to any PRC Laws shall be reference to:

(a) those laws as amended, modified, supplemented and restated, whether they become effective before or after the conclusion of this Agreement; and

(b) other decisions, notices and regulations prepared or effective under the PRC Laws.

1.3 Unless the context requires otherwise, any reference to any articles, paragraphs, subparagraphs or items herein are reference to the articles, paragraphs, subparagraphs or items of this Agreement.

2. Grant of Equity Transfer Option, Asset Purchase Option and Capital Increase Option

2.1 The Existing Shareholder hereby agrees to grant to the WFOE an irrevocable, unconditional and exclusive Equity Transfer Option, according to which the WFOE has the right to request the Existing Shareholder at any time (including but not limited to when the WFOE decides upon its independent judgment that there is the risk that the Existing Shareholder may transfer part or all of his Option Equity to any third party other than the WFOE and/or its designated entity and/or individual according to the requirements of the PRC Laws) to transfer the Option Equity to the WFOE and/or its designated entity and/or individual according to the terms and conditions of this Agreement, subject to the PRC Laws. The WFOE hereby agrees to accept the Equity Transfer Option.

2.2 The Company hereby agrees that the Existing Shareholder will grant to the WFOE the Equity Transfer Option according to the above Article 2.1 and other provisions hereof.

2.3 The Company hereby agrees to grant to the WFOE an irrevocable, unconditional and exclusive Asset Purchase Option, according to which the WFOE has the right to request the Company at any time (including but not limited to when the WFOE decides upon its independent judgment that there is the risk that the Existing Shareholder may transfer part or all of his Option Equity to any third party other than the WFOE and/or its designated entity and/or individual according to the requirements of the PRC Laws) to transfer the part or all of the Assets to the WFOE and/or its designated entity and/or individual according to the terms and conditions of this Agreement, subject to the PRC Laws. The WFOE hereby agrees to accept the Asset Purchase Option.

2.4 The Existing Shareholder hereby agrees that the Company will grant to the WFOE the Asset Purchase Option according to the above Article 2.3 and other provisions hereof.

2.5 The Existing Shareholder and the Company hereby agree severally and jointly to grant to the WFOE an irrevocable, unconditional and exclusive Capital Increase Option, according to which the WFOE has the right to request the Company at any time (including but not limited to when the WFOE decides upon its independent judgment that there is the risk that the Existing Shareholder may transfer part or all of his Option Equity to any third party other than the WFOE and/or its designated entity and/or individual according to the requirements of the PRC Laws) to reduce its capital, and, subject to the PRC Laws, the WFOE and/or its designated entity and/or individual have the right to subscribe for any Capital Increase Equity according to the terms and conditions hereof. The WFOE hereby agrees to accept the Capital Increase Option.

3. Way of Exercise

3.1 Subject to the terms and conditions hereof and to the extent permitted by the PRC Laws, the WFOE has the absolute sole discretion to decide the time, way and number of its Exercise.

3.2 Subject to the terms and conditions hereof and the current PRC Laws, the WFOE has the right to request at any time the transfer of part or all of the equity interest of the Company held by and from the Existing Shareholder to itself and/or its designated entity and/or individual.

3.3 Subject to the terms and conditions hereof and the current PRC Laws, the WFOE has the right to request at any time the transfer of part or all of the Assets from the company to itself and/or its designated entity and/or individual.

3.4 Subject to the terms and conditions hereof and the current PRC Laws, the WFOE has the right to request at any time the Company to reduce its capital, and to subscribe for the Capital Increase Equity by itself and/or its designated entity and/or individual.

3.5 At each Exercise of the Equity Transfer Option, the WFOE has the right to determine the number of Transfer Equity that the Existing Shareholder shall transfer to the WFOE and its designated entity and/or individual in the Exercise. The Existing Shareholder shall transfer the Transfer Equity respectively to the WFOE and its designated entity and/or individual according to the number determined by the WFOE. The WFOE and its designated entity and/or individual shall pay the Transfer Price to the Existing Shareholder for the Transfer Equity they receive in each Exercise.

3.6 At each Exercise of the Asset Purchase Option, the WFOE has the right to determine the specific Assets that the Company shall transfer to the WFOE and its designated entity and/or individual in the Exercise. The Company shall transfer the Assets to the WFOE and its designated entity and/or individual according to the determination of the WFOE. The WFOE and its designated entity and/or individual shall pay the Transfer Price to the Company for the Transfer Assets they receive in each Exercise.

3.7 At each Exercise of the Capital Increase Option, the WFOE has the right to determine the number of capital that the Company shall reduce in the Exercise, and the WFOE has the right to request the Existing Shareholder to reduce his capital contribution to the Company. The Company and the Existing Shareholder shall reduce the capital of the Company according to the number determined by the WFOE. Moreover, the WFOE has the right to determine the number of Capital Increase Equity to be subscribed for by the WFOE and its designated entity and/or individual in each Exercise. The Company shall accept the subscription according to the requirements of the WFOE. The Company shall pay the Existing Shareholder the price for reduction of capital in each reduction of its Registered Capital. The WFOE and its designated entity and/or individual shall pay the Capital Increase Price to the Company for the Capital Increase Equity subscribed in each Exercise.

3.8 At each Exercise, the WFOE may accept transfer of the Transfer Equity or the Transfer Assets, or subscribe for the Capital Increase Equity, or may designate any third party to accept transfer of part or all of the Transfer Equity or the Transfer Assets, or subscribe for the Capital Increase Equity in part or in whole.

3.9 When the WFOE decides to exercise its option, it shall send to the Existing Shareholder and/or the Company the Equity Transfer Option Exercise Notice, the Asset Purchase Option Exercise Notice or the Capital Increase Option Exercise Notice (each a "**Exercise Notice**", in the form of Exhibit 2, Exhibit 3 and Exhibit 4 hereto). After receiving an Exercise Notice, the Existing Shareholder or the Company shall transfer the Transfer Equity or the Transfer Assets wholly to the WFOE and/or its designated entity and/or individual immediately according to Article 3.5 or Article 3.6 hereof, or reduce the capital of the Company according to Article 3.7 hereof, and allow the WFOE and/or its designated entity and/or individual to subscribe for the Capital Increase Equity.

4. Transfer Price, Capital Reduction Price, and Capital Increase Price

4.1 At each Exercise of the Equity Transfer Option, the entire Transfer Price payable by the WFOE and/or its designated entity and/or individual to the Existing Shareholder is the capital contribution amount actually paid in the Registered Capital corresponding to the Transfer Equity. If the minimum price permitted by the current PRC Laws is higher than the above amount, the minimum price shall apply. The Existing Shareholder, after receiving the Transfer Price, shall immediately use such amount to repay the loan provided by the WFOE under the Loan Agreements.

4.2 At each Exercise of the Asset Purchase Option, the WFOE and/or its designated entity and/or individual shall pay the Company the book value of relevant Assets. If the minimum price permitted by the current PRC Laws is higher than the above amount, the minimum price shall apply.

4.3 At each Exercise of the Capital Increase Option, the Company shall pay the Capital Reduction Price to the Existing Shareholder who reduces his capital contribution to the Company, and the Capital Reduction Price is the capital contribution amount actually paid in the Registered Capital which is reduced. If the minimum price permitted by the current PRC Laws is higher than the above amount, the minimum price shall apply. Moreover, the entire Subscription Price payable by the WFOE and/or its designated entity and/or individual for subscription of the Capital Increase Equity is the Capital Reduction Price paid by the Company to the Existing Shareholder at the time of capital reduction. The Existing Shareholder, after receiving the Capital Reduction Price, shall immediately use such amount to repay the loan provided by the WFOE under the Loan Agreements.

4.4 The taxes incurred due to Exercise of the Equity Transfer Option, the Asset Purchase Option or the Capital Increase Option hereunder according to the applicable laws shall be borne and paid by the Parties respectively.

5. Representations and Warranties

5.1 The Existing Shareholder hereby represents and warrants that

(a) The Existing Shareholder is a natural person of full capacity for civil acts according to the PRC Laws, has full and separate legal status and capacity to execute, deliver and perform this Agreement, and can sue and be sued independently.

(b) The Company is a limited liability company duly established and validly existing under the PRC Laws who has separate legal personality, has full and separate legal status and capacity to execute, deliver and perform this Agreement, and can sue and be sued independently.

(c) The Existing Shareholder has full power and authority to execute, deliver and perform this Agreement and all other documents relating to the transaction contemplated hereunder and to be executed, and has full power and authority to complete the transaction contemplated hereunder.

(d) This Agreement constitutes his legal and binding obligations, and is enforceable against them according to the terms hereof.

(e) The Existing Shareholder is the registered legal owner of the Option Equity when this Agreement becomes effective, and there is not any lien, pledge, claim, other security interest or third party's rights over the Option Equity, except for the Equity Transfer Option and the Capital Increase Option created hereunder, the pledge created under the Equity Interest Pledge Agreement dated April 20, 2024 between the Company, the WFOE and the Existing Shareholder, and the proxy created under the Power of Attorney dated April 20, 2024. According to this Agreement, after Exercise the WFOE and/or its designated entity and/or individual will obtain good title to the Transfer Equity free of any lien, pledge, claim, other security interest or third party's rights.

(f) There is not any lien, mortgage, claim, other security interest or third party's rights over the Assets, except for the Asset Purchase Option created hereunder. According to this Agreement, after Exercise the WFOE and/or its designated entity and/or individual will obtain good title to the Assets free of any lien, mortgage, claim, other security interest or third party's rights.

5.2 The Company hereby represents and warrants that

(a) The Company is a limited liability company duly established and validly existing under the PRC Laws who has separate legal personality, has full and separate legal status and capacity to execute, deliver and perform this Agreement, and can sue and be sued independently.

(b) The Company has full internal corporate power and authority to execute, deliver and perform this Agreement and all other documents relating to the transaction contemplated hereunder and to be executed, and has full power and authority to complete the transaction contemplated hereunder.

(c) This Agreement is legally and properly executed and delivered by the Company, and constitutes the legal and binding obligations of the Company.

(d) There is not any lien, mortgage, claim, other security interest or third party's rights over the Assets, except for the Asset Purchase Option created under this Agreement. According to this Agreement, after Exercise the WFOE and/or its designated entity and/or individual will obtain good title to the Assets free of any lien, mortgage, claim, other security interest or third party's rights.

5.3 The WFOE represents and warrants that

(a) It is a limited liability company duly established and validly existing under the PRC Laws who has separate legal personality, has full and separate legal status and capacity to execute, deliver and perform this Agreement, and can sue and be sued independently.

(b) It has full internal corporate power and authority to execute, deliver and perform this Agreement and all other documents relating to the transaction contemplated hereunder and to be executed, and has full power and authority to complete the transaction contemplated hereunder.

(c) This Agreement is legally and properly executed and delivered by the WFOE, and constitutes its legal and binding obligations.

6. Undertakings of the Existing Shareholder

The Existing Shareholder hereby irrevocably undertakes as follows:

6.1 During the term of this Agreement, without the prior written consent of the WFOE, he will not:

(a) transfer or otherwise dispose of any Option Equity or create any security interest or other third party's right over the Option Equity;

(b) increase or reduce the Registered Capital, or procure the Company to merge with other entity;

(c) dispose of, or procure the management of the Company to dispose of, any material Assets (except for those occurred in the ordinary course of business);

(d) terminate, or procure the management of the Company to terminate, any Material Agreements signed by the Company, or enter into any other agreement conflicting with the existing Material Agreements;

(e) appoint, remove or replace any of the Company's directors, supervisors or other officers to be appointed and removed by the Existing Shareholder;

(f) procure the Company to declare or distribute any distributable profit, bonus or dividend;

(g) take any action or behavior (including inaction) to affect the valid existence of the Company, nor take any act that may cause the Company to terminate, liquidate or dissolve;

(h) amend the Company's articles of association; or

(i) take any action or behavior (including inaction) to have the Company provide or borrow any loan, or provide any guarantee or other forms of security, or assume any material obligation outside of the ordinary course of business.

6.2 During the term of this Agreement, he will use his best efforts to develop the Company's business and ensure the Company's operation in compliance with laws and regulations, and will not take any act or inaction that may damage the Company's Assets or goodwill or affect the validity of the Company's Business Licenses.

6.3 During the term of this Agreement, he will promptly notify the WFOE any circumstance that may have material adverse effect on the existence, business, operation, finance, assets or goodwill of the Company, and promptly take all measures approved by the WFOE to exclude such circumstances or take other valid remedial measures.

6.4 Once the WFOE issues the Exercise Notice, the Existing Shareholder will:

(a) immediately agree, through shareholder's resolution or other necessary actions, to the transfer the whole Transfer Equity or Transfer Assets from the Existing Shareholder or the Company to the WFOE and/or its designated entity and/or individual at the Transfer Price, or to the reduction of the Company's capital, and accept the subscription by the WFOE and/or its designated entity and/or individual of the Company's Capital Increase Equity, as the case may be;

(b) with respect to the Equity Transfer Option, immediately sign the equity transfer agreement with the WFOE and/or its designated entity and/or individual, transfer the whole Transfer Equity to the WFOE and/or its designated entity and/or individual at the Transfer Price, and provide necessary support to the WFOE (including providing and executing all related legal documents, performing all government approvals and registration formalities, and assuming all relevant obligations) according to the request of the WFOE and the laws and regulations, so that the WFOE and/or its designated entity and/or individual will obtain the whole Transfer Equity and no legal defect, security interest, third party's right or other restriction will exist over the Transfer Equity;

(c) with respect to the Capital Increase Option, immediately sign the capital reduction agreement with the Company in the form and substance satisfactory to the WFOE, and assist and cooperate with the Company to go through the capital reduction formalities (including but not limited to notifying the creditors, making announcement on the capital reduction, signing all related legal documents, performing all government approval and registration formalities, and assuming all related obligations), so that the Company will successfully complete the capital reduction of the Company and the WFOE and/or its designated entity and/or individual will successfully complete the subscription of the Capital Increase Equity.

6.5 If the Transfer Price from transfer of the Transfer Equity, or the Capital Reduction Price from the reduction of the Company's capital, and/or the distribution of the remaining property of the Company in case of the termination, liquidation or other circumstance of the Company, received by the Existing Shareholder, is higher than his capital contribution to the Company, or if he receives any forms of profit distribution, bonus or dividend from the Company, he agrees and acknowledges that subject to the PRC Laws he will not enjoy the income of the premiums and any profit distribution, bonus or dividend (after deducting relevant taxes) and such income and profit distribution, bonus or dividend will be vested in the WFOE. The Existing Shareholder will instruct relevant receiving party or the Company to pay the income to the bank account designated by the WFOE.

6.6 He irrevocably agrees to the execution and performance by the Company of this Agreement, and will assist the Company with the execution and performance of this Agreement, including but not limited to signing all necessary documents or the documents required by the WFOE and taking all necessary actions or the actions required by the WFOE, and will not take any action or inaction to prevent the WFOE from claiming and realizing any right hereunder.

6.7 He will immediately, without any delay, notify the WFOE of any circumstance that the Option Equity held by them may be transferred to any third party other than the WFOE and/or its designated entity and/or individual due to any applicable law, the decision or award of any court or arbitrator, or any other reasons, once he knows or should have known such circumstance.

7. Undertakings of the Company

7.1 The Company hereby irrevocably undertakes that

(a) If the execution and performance of this Agreement and the grant of the Equity Transfer Option, the Asset Purchase Option or the Capital Increase Option hereunder are subject to any consent, permission, waiver or authorization of any third party or the approval, permit, waiver, registration or filing (if required by law) of any government authority, it will use its best effort to assist to meet the above conditions.

(b) Without prior written consent of the WFOE, it will not assist or permit the Existing Shareholder to transfer or otherwise dispose of any Option Equity or create any security interest or other third party's right over the Option Equity.

(c) Without prior written consent of the WFOE, it will not transfer or otherwise dispose of any material Assets (except for the disposal occurred in the ordinary course of business) or create any security interest or other third party's right over the Assets.

(d) It will not take or permit any action or behavior that may have adverse effect on the WFOE's interest hereunder, including but not limited to any action or behavior subject to Article 6.1.

(e) It will immediately, without any delay, notify the WFOE of any circumstance that the Option Equity held by any Existing Shareholder may be transferred to any third party other than the WFOE and/or its designated entity and/or individual due to any applicable law, the decision or award of any court or arbitrator, or any other reasons, once it knows or should have known such circumstance.

7.2 Once the WFOE issues the Exercise Notice,

(a) The Company shall procure the Existing Shareholder to agree, through shareholders' resolution or taking of other necessary actions, to the transfer of the whole Transfer Assets from the Company to the WFOE and/or its designated entity and/or individual at the Transfer Price, or to the reduction of capital of the Company, and to allow the WFOE and/or its designated entity and/or individual to subscribe for the whole Capital Increase Equity at the Capital Increase Price, as the case may be;

(b) with respect to the Asset Purchase Option, the Company will immediately sign the asset transfer agreement with the WFOE and/or its designated entity and/or individual, transfer the whole Transfer Assets to the WFOE and/or its designated entity and/or individual at the Transfer Price, and provide necessary support to the WFOE (including providing and executing all related legal documents, performing all government approvals and registration formalities, and assuming all relevant obligations) according to the request of the WFOE and the laws and regulations, so that the WFOE and/or its designated entity and/or individual will obtain the whole Transfer Assets and no legal defect, security interest, third party's right or other restriction will exist over the Transfer Assets.

(c) with respect to the Capital Increase Option, the Company will immediately sign the capital reduction agreement with the Existing Shareholder in the form and substance satisfactory to the WFOE and the amended and restated articles of association (amendment to the articles of association of the Company), and the Company will go through, and the Existing Shareholder shall procure the Company to go through, the capital reduction formalities (including but not limited to notifying the creditors, making announcement on the capital reduction, signing all related legal documents, performing all government approval and registration formalities, and assuming all related obligations), so that the Company will successfully complete the capital reduction and the WFOE and/or its designated entity and/or individual will successfully complete the subscription of the Capital Increase Equity.

8. Confidentiality Obligations

8.1 Each Party shall keep strict confidential the business secrets, proprietary information, client information and other confidential information of the other Party obtained during the execution and performance of this Agreement ("**Confidential Information**") regardless of whether this Agreement has been terminated. The receiving Party shall not disclose any Confidential Information to any third party, except upon prior written consent of the disclosing Party or as required by applicable laws and regulations or the rules of the jurisdiction where the affiliate of a Party is listed. The receiving Party shall not use directly or indirectly any Confidential Information except for purpose of performing this Agreement.

8.2 The Parties acknowledge that the following information is not Confidential Information:

(a) The information obtained by the receiving Party by legal means before the disclosure, which is evidenced by written proof;

(b) The information that has entered public domain not through the fault of the receiving Party; or

(c) The information obtained by the receiving Party legally through other channel after receiving the information from the disclosing Party.

8.3 The receiving Party may disclose the Confidential Information to its relevant employees, agents or any engaged professionals, provided that it shall ensure such persons to comply with relevant terms and conditions of this Agreement and shall assume any liability arising from the breach by such persons of relevant terms and conditions of this Agreement.

8.4 Notwithstanding any other provisions hereof, this Article 8 shall survive the suspension or termination of this Agreement.

9. Term of Agreement

This Agreement is formed when the Parties officially sign it, and, once formed, will become effective retrospectively as of September 10, 2021. Unless the WFOE requires otherwise, this Agreement will terminate when the whole Option Equity and Assets are transferred to the WFOE and/or its designated entity and/or individual according to the provisions hereof.

10. Notice

10.1 Any notice, request, demand or other communication required by or made under this Agreement shall be in writing and sent to relevant Parties.

10.2 Where the above notice or other communication is sent by fax or email, it will be deemed delivered when it is sent. Where the above notice or other communication is sent by personal delivery, it will be deemed delivered when it is submitted in person. Where the above notice or other communication is sent by mail, it will be deemed delivered two (2) days after it is posted.

11. Liabilities for Breach of Contract

11.1 The Parties agree and acknowledge that if either Party ("**Breaching Party**") materially breaches any covenant hereunder, or fails or delays to perform any material obligation hereunder, it will constitute a breach of this Agreement ("**Breach**"), and each of the other Parties ("**Non-breaching Parties**") has the right to request the Breaching Party to correct or take remedial measures within a reasonable period. If the Breaching Party fails to do so within a reasonable period or ten (10) days after the Non-breaching Parties give a written notice requesting correction, then:

(a) If the Existing Shareholder or the Company breaches, the WFOE has the right to terminate this Agreement and request the Breaching Parties (/Party) to compensate any damages;

(b) If the WFOE breaches, the Non-breaching Parties have the right to request the Breaching Party to compensate damages, provided, however, that the Non-breaching Parties have no right to terminate or rescind this Agreement, unless the laws provide otherwise mandatorily.

For purpose of this Article 11.1, the Existing Shareholder further acknowledges and agrees that his breach of Article 6 hereof will constitute a material breach of this Agreement. The Company further acknowledges and agrees that its breach of Article 7 hereof will constitute a material breach of this Agreement.

11.2 Notwithstanding any other provisions hereof, this Article 11 shall survive the suspension or termination of this Agreement.

12. Miscellaneous

12.1 This Agreement is written in Chinese. This Agreement is made in five (5) counterparts, with the Company holding one (1) counterpart, one (1) counterpart filed with the government authority for approval/registration, and the remaining counterparts maintained by the WFOE.

12.2 The conclusion, validity, interpretation and dispute resolution of this Agreement shall be governed by the PRC Laws.

12.3 Dispute Resolution

(a) Any dispute arising from or relating to this Agreement shall be resolved first through the friendly negotiation between the Parties. If negotiation fails, the dispute shall be submitted to China International Economic and Trade Arbitration Commission for arbitration according to the arbitration rules of the Commission effective at the time of submission. The arbitration will be carried out in Shenzhen. The arbitration award is final and binding upon relevant Parties. Unless the arbitration award decides otherwise, the arbitration cost shall be borne by the losing Party. The losing Party shall further reimburse the winning Party's attorney fee and other expenses.

(b) During the period of dispute resolution, the Parties shall continue to perform other provisions of this Agreement except for the disputed matter.

(c) he Parties hereby specifically acknowledge and undertake that, subject to the laws of China, the arbitrators shall have the right to make an appropriate award according to the actual situation to provide Party B with appropriate legal remedies, including but not limited to restricting Party A's business operation, restricting and/or disposing of Party A's equity or assets (including land) (including but not limited to using the same as compensation), prohibiting the transfer or disposal or making other relevant remedies, and liquidating Party A, etc. The Parties shall implement such award.

(d) The Parties hereby specifically acknowledge and undertake that, subject to the laws of China, as property preservation or enforcement measures, at the request of one Party to the dispute, the court with jurisdiction shall have the right to make a ruling or judgment before the arbitration tribunal is formed or under other appropriate circumstances permitted by law to provide provisional reliefs to the Party, such as making detaining or freezing judgment or ruling on the property of the defaulting party or the equity of the company. Such rights of the Party and the judgment or ruling made by the court thereon shall not affect the validity of the above arbitration clause agreed upon by the Parties.

(e) After the arbitration award comes into effect, either Party shall have the right to apply to the court with jurisdiction to enforce the arbitration award.

(f) The Parties agree that the competent court at the place where (1) Hong Kong Special Administrative Region; (2) the place of registration of XPeng Inc.; (3) the place of registration of Party A (i.e. Guangzhou); and (4) the major assets of XPeng Inc. or Party A are located shall be deemed the court with jurisdiction for the purposes of this Article

12.4 Any rights, powers and remedies granted to either Party under any provision of this Agreement shall not preclude any other rights, powers or remedies granted to the Party under laws or other provisions hereof. No exercise by either Party of its rights, powers or remedies will preclude the exercise by the Party of other rights, powers or remedies.

12.5 No failure or delay to exercise by either Party of its rights, powers or remedies under this Agreement or laws ("**Party's Rights**") will constitute waiver of such rights, and no single or partial waiver of the Party's Rights will preclude exercise by the Party of such rights in other way or of other rights.

12.6 The headings hereof are inserted for reference only, and shall not be used for or affect the interpretation of any provisions hereof.

12.7 The provisions hereof are severable and independent from other provisions. If any or several provisions hereof are decided invalid, illegal or unenforceable at any time, the validity, legality and enforceability of other provisions hereof shall not be affected.

12.8 If the Stock Exchange of Hong Kong Limited or other regulatory authorities propose any amendments to this Agreement, or if there are any changes related to this Agreement in the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited or related requirements, the Parties shall amend this Agreement accordingly.

12.9 This Agreement, once signed, shall supersede any other legal documents signed by the Parties with respect to the same subject matter, including the Exclusive Option Agreement dated September 10, 2021 among the Company, the WFOE, He Xiaopeng, and Xia Heng. Any amendment or supplement to this Agreement must be made in writing, and shall become effective after the Parties properly sign it, except that the WFOE transfers its rights hereunder according to Article 12.10.

12.10 Without prior written consent of the WFOE, the other Parties shall not transfer its right and/or obligation hereunder to any third party. The other Parties agree that without their written consent, the WFOE has the right to transfer any right and/or obligation hereunder to any third party, provided that a written notice shall be given to the other Parties.

12.11 This Agreement shall bind and inure to the benefit of the legal assigns and successors of the Parties. The Existing Shareholder warrants to the WFOE that he has taken all proper measures and signed all required documents so that when he goes into bankruptcy, is liquidated, or suffers other circumstance that may affect his exercise of his equity, his legal assigns, successors, heirs, liquidators, administrators, creditors and other persons who may obtain the equity interest in the Company or relevant rights shall not affect or prevent performance of this Agreement. For this purpose, the Existing Shareholder and the Company shall promptly sign all other documents and take all other actions (including but not limited to notarizing this Agreement) required by the WFOE.

[The remainder of this page is intentionally left blank. Signature page follows.]

[Signature page of the Exclusive Option Agreement]

Zhao Dawu

Signature: /s/ Zhao Dawu

[Signature page of the Exclusive Option Agreement]

Guangzhou Yidian Zhihui Chuxing Technology Co., Ltd. (seal)

Legal representative: Chen Zhiyuan

Signature: /s/ Chen Zhiyuan

[Signature page of the Exclusive Option Agreement]

Guangzhou Xiaopeng Zhihui Chuxing Technology Co., Ltd. (seal)

Legal representative: Zhao Dawu

Signature: /s/ Zhao Dawu

Exhibit 1:

Basic Information of the Company

Company name	Guangzhou Yidian Zhihui Chuxing Technology Co., Ltd.
Registered address	Room 406-175, No.1 Yichuang Street, China-Singapore Guangzhou Knowledge City, Huangpu District, Guangzhou
Registered capital	RMB ten million
Legal representative	Chen Zhiyuan
Shareholding structure:	

Shareholder	Shareholding percentage	Subscribed capital contribution (RMB)
Zhao Dawu	50%	Five million
Guangzhou Xiaopeng Zhihui Chuxing Technology Co., Ltd.	50%	five million

Exhibit 1 to the Exclusive Option Agreement

Exhibit 2:

Form of Exercise Notice

To: Zhao Dawu

Whereas we entered into the Exclusive Option Agreement ("**Option Agreement**") with you and Guangzhou Yidian Zhihui Chuxing Technology Co., Ltd. ("**Company**") on [insert date], providing that subject to the laws and regulations of China, upon the request of us, you shall transfer your equity interest in the Company to us or any third party designated by us.

Therefore, we hereby notify you as follows:

We hereby exercise the Equity Transfer Option under the Option Agreement, and accept by us or by [name of the entity/individual designated by us] the transfer of the [•]% equity interest held by you in the Company ("**Transfer Equity**"). Please transfer the above Transfer Equity to us or to the [name of the entity/individual designated by us] immediately according to the provisions of the Option Agreement after you receive this notice.

Guangzhou Xiaopeng Zhihui Chuxing Technology Co., Ltd. (seal)

Authorized representative:

Date:

Exhibit 3:

Form of Exercise Notice

To: Guangzhou Yidian Zhihui Chuxing Technology Co., Ltd.

Whereas we entered into the Exclusive Option Agreement ("**Option Agreement**") with you, and Zhao Dawu on [insert date], providing that subject to the laws and regulations of China, upon the request of us, you shall transfer your assets to us or any third party designated by us.

Therefore, we hereby notify you as follows:

We hereby exercise the Asset Purchase Option under the Option Agreement, and accept by us or by [name of the entity/individual designated by us] the transfer of the assets owned by you as listed in the schedule attached hereto ("**Transfer Assets**"). Please transfer the above Transfer Assets to us or to the [name of the entity/individual designated by us] immediately according to the provisions of the Option Agreement after you receive this notice.

Guangzhou Xiaopeng Zhihui Chuxing Technology Co., Ltd. (seal)

Authorized representative:

Date:

Exhibit 4:

Form of Exercise Notice

To: Guangzhou Yidian Zhihui Chuxing Technology Co., Ltd.
Zhao Dawu

Whereas we entered into the Exclusive Option Agreement ("**Option Agreement**") with Guangzhou Yidian Zhihui Chuxing Technology Co., Ltd. ("**Company**"), and Zhao Dawu on [insert date], providing that subject to the laws and regulations of China, upon the request of us, you shall reduce the capital of the Company, and allow us or any third party designated by us to subscribe for the newly increased registered capital of the Company.

Therefore, we hereby notify you as follows:

We hereby exercise the Capital Increase Option under the Option Agreement, and request the Company to reduce its registered capital by RMB[•]. After completion of the capital reduction, the registered capital of the Company will become RMB[•], and Zhao Dawu will not hold equity interest in the Company / Zhao Dawu will hold [•] equity interest in the Company.

Meanwhile, we or [name of the entity/individual designated by us] will subscribe for the newly increased registered capital of the Company of RMB[•]. After completion of the above capital increase, the registered capital of the Company will become RMB[•].

Please immediately complete the capital reduction according to the Option Agreement after receiving this notice, and allow us or [name of the entity/individual designated by us] to subscribe for the newly increased registered capital of the Company.

Guangzhou Xiaopeng Zhihui Chuxing Technology Co., Ltd. (seal)

Authorized representative:

Date:

Exhibit 4.40

Termination Agreement

This termination agreement ("**Agreement**") is made by the following parties on April 20, 2024:

Party A: Guangzhou Xiaopeng Motors Technology Co., Ltd., with its Unified Social Credit Code as 91440116MA59CU773U, and its registered address at No. 8 Songgang Street, Cen Village, Changxing Avenue, Tianhe District, Guangzhou.

Party B1: He Tao (ID No.: XXXXXXXXXX)

Party B2: Xia Heng (ID No.: XXXXXXXXXX)

Party C: Guangzhou Zhipeng Internet of Vehicle Technology Co., Ltd., with its Unified Social Credit Code as 91440101MA5AWEB67N, and its registered address at Room 109209, No. 8 Songgang Street, Cen Village, Changxing Avenue, Tianhe District, Guangzhou.

(Party B1 and Party B2 are collectively referred to as "**Party B**"**.** Each of the above parties is hereinafter referred to individually as a "**Party**", and collectively as the "**Parties**".)

Whereas,

1. The Parties entered into the Exclusive Option Agreement in relation to Guangzhou Zhipeng Internet of Vehicle Technology Co., Ltd. on September 6, 2021.

2. The Parties entered into the Power of Attorney in relation to Guangzhou Zhipeng Internet of Vehicle Technology Co., Ltd. on September 6, 2021.

3. The Parties entered into the Equity Interest Pledge Agreement between He Tao, Xia HengZhao Dawu and Guangzhou Zhipeng Internet of Vehicle Technology Co., Ltd. and Guangzhou Xiaopeng Motors Technology Co., Ltd. in relation to Guangzhou Zhipeng Internet of Vehicle Technology Co., Ltd. on September 6, 2021.

4. Party A and Party C entered into the Exclusive Service Agreement between Guangzhou Zhipeng Internet of Vehicle Technology Co., Ltd. and Guangzhou Xiaopeng Motors Technology Co., Ltd. on September 6, 2021.

5. Party B and Chen Zhiyuan entered into the Equity Transfer Contract on Guangzhou Zhipeng Internet of Vehicle Technology Co., Ltd. on April 20, 2024, regarding the transfer of 50% of Party C's equity held by Party B. Pursuant to this Contract, Party B transferred the original subscribed capital contribution of RMB5,000,000 (SAY RMB FIVE MILLION ONLY) (accounting for 50% of the Party C's registered capital) to Chen Zhiyuan at the transfer consideration of RMB5,000,000 (SAY RMB FIVE MILLION ONLY). Chen Zhiyuan agrees to pay the above equity transfer consideration to Party B before April 20, 2024. Chen Zhiyuan's subscribed capital contribution in Party C is RMB5,000,000 (SAY RMB FIVE MILLION ONLY), accounting for 50% of the Party C's registered capital, as of the Signing Date of this Agreement.

(The abovementioned Exclusive Option Agreement in relation to Guangzhou Zhipeng Internet of Vehicle Technology Co., Ltd., Power of Attorney in relation to Guangzhou Zhipeng Internet of Vehicle Technology Co., Ltd., Exclusive Service Agreement between Guangzhou Zhipeng Internet of Vehicle Technology Co., Ltd. and Guangzhou Xiaopeng Motors Technology Co., Ltd., and Equity Interest Pledge Agreement between He Tao, Xia Heng and Guangzhou Xiaopeng Motors Technology Co., Ltd. and Guangzhou Zhipeng Internet of Vehicle Technology Co., Ltd. are collectively referred to as "**Original Contractual Arrangements**")

Now, therefore, the Parties agree as follows upon consensus through negotiation:

Article 1 Upon the effective date of Equity Transfer Contract on Guangzhou Zhipeng Internet of Vehicle Technology Co., Ltd. (i.e., April 20, 2024), the aforementioned Original Contractual Arrangements and all associated rights and obligations shall be terminated.

Article 2 This Agreement shall be signed and sealed by the legal representatives or authorized representatives of each Party and shall become effective on April 20, 2024, the effective date of the Equity Transfer Contract on Guangzhou Zhipeng Internet of Vehicle Technology Co., Ltd.

Article 3 Each Party confirms that after the termination of the Original Contractual Arrangements, there are no disputes, outstanding debts, or liabilities among the Parties arising from or in connection with the Original Contractual Arrangements and their terms. Moreover, no Party may assert any other rights against the other Parties in connection with the signing of the Original Contractual Arrangements, except for the rights and obligations already exercised under the Original Contractual Arrangements, which shall remain valid.

Article 4 Unless otherwise stipulated in this Agreement, each Party irrevocably and unconditionally releases the other Parties of this Agreement, their respective affiliates, and the successors and assigns thereof from any and all disputes, claims, demands, rights, obligations, liabilities or causes of action, of any kind or nature that exist, may exist, or might have existed in the past, present, or future arising directly or indirectly from or related to the rights and obligations of the Parties under the Original Contractual Arrangements, whether such claims, demands, or causes of action have been initiated or not, and whether known or unknown.

Article 5 Each Party shall have the obligation of confidentiality regarding any commercial information they come into contact with or become aware of in the course of performing this Agreement, unless there is clear evidence proving such information is publicly known or prior written authorization is obtained from the other Party. This obligation of confidentiality shall remain effective after the expiration, revocation, or termination of this Agreement. Any Party that causes losses to the other Party due to a breach of this obligation shall compensate the respective losses of the other Party.

Article 6 Each Party shall bear any and all transfer and registration taxes, costs, and fees incurred by or imposed on it in connection with the preparation, signing of this Agreement, and the completion of the transactions contemplated herein, according to the applicable laws.

Article 7 Any disputes arising from the performance of this Agreement shall be resolved through amicable negotiations among the Parties. If negotiations fail to resolve the dispute, either Party has the right to submit the dispute to the competent People's Court in Tianhe District, Guangzhou.

Article 8 The place of signing this Agreement shall be Tianhe District, Guangzhou.

Article 9 This Agreement shall become effective on the commencement date stated at the beginning of this document, after being signed by all Parties. This Agreement is made in quadruplicate, with each party holding one copy, all of which have equal legal effect.

[The remainder of this page is intentionally left blank.]

[Signature page of the Termination Agreement]

Guangzhou Xiaopeng Motors Technology Co., Ltd. (seal)

Legal representative: He Xiaopeng

Signature: /s/ He Xiaopeng

[Signature page of the Termination Agreement]

Guangzhou Zhipeng Internet of Vehicle Technology Co., Ltd. (seal)

Legal representative: Han Jian

Signature: /s/ Han Jian

[Signature page of the Termination Agreement]

He Tao

Signature: /s/ He Tao

[Signature page of the Termination Agreement]

Xia Heng

Signature: /s/ Xia Heng

Exhibit 4.41

Termination Agreement

This termination agreement ("**Agreement**") is made by the following parties on April 20, 2024:

Party A: Guangzhou Xiaopeng Zhihui Chuxing Technology Co., Ltd., with its Unified Social Credit Code as 91440101MA5AX3A23Q, and its registered address at Room 406-174, No.1 Yichuang Street, China-Singapore Guangzhou Knowledge City, Huangpu District, Guangzhou.

Party B1: He Xiaopeng (ID No.: XXXXXXXXXX)

Party B2: Xia Heng (ID No.: XXXXXXXXXX)

Party C: Guangzhou Yidian Zhihui Chuxing Technology Co., Ltd., with its Unified Social Credit Code as 91440101MA5AWEB67N, and its registered address at Room 406-175, No.1 Yichuang Street, China-Singapore Guangzhou Knowledge City, Huangpu District, Guangzhou.

(Party B1 and Party B2 are collectively referred to as "**Party B**"**.** Each of the above parties is hereinafter referred to individually as a "**Party**", and collectively as the "**Parties**".)

Whereas,

1. The Parties entered into the Exclusive Option Agreement in relation to Guangzhou Yidian Zhihui Chuxing Technology Co., Ltd. on September 10, 2021.

2. The Parties entered into the Power of Attorney in relation to Guangzhou Yidian Zhihui Chuxing Technology Co., Ltd. on September 10, 2021.

3. The Parties entered into the Equity Interest Pledge Agreement between He Xiaopeng, Xia HengZhao Dawu and Guangzhou Xiaopeng Zhihui Chuxing Technology Co., Ltd. and Guangzhou Yidian Zhihui Chuxing Technology Co., Ltd. in relation to Guangzhou Yidian Zhihui Chuxing Technology Co., Ltd. on September 10, 2021.

4. Party A and Party C entered into the Exclusive Service Agreement between Guangzhou Yidian Zhihui Chuxing Technology Co., Ltd. and Guangzhou Xiaopeng Zhihui Chuxing Technology Co., Ltd. on September 10, 2021.

5. Party B and Zhao Dawu entered into the Equity Transfer Contract on Guangzhou Yidian Zhihui Chuxing Technology Co., Ltd. on April 20, 2024, regarding the transfer of 50% of Party C's equity held by Party B. Pursuant to this Contract, Party B transferred the original subscribed capital contribution of RMB5,000,000 (SAY RMB FIVE MILLION ONLY) (accounting for 50% of the Party C's registered capital) to Zhao Dawu at the transfer consideration of RMB5,000,000 (SAY RMB FIVE MILLION ONLY). Zhao Dawu agrees to pay the above equity transfer consideration to Party B before April 20, 2024. Zhao Dawu's subscribed capital contribution in Party C is RMB5,000,000 (SAY RMB FIVE MILLION ONLY), accounting for 50% of the Party C's registered capital, as of the Signing Date of this Agreement.

(The abovementioned Exclusive Option Agreement in relation to Guangzhou Yidian Zhihui Chuxing Technology Co., Ltd., Power of Attorney in relation to Guangzhou Yidian Zhihui Chuxing Technology Co., Ltd., Exclusive Service Agreement between Guangzhou Yidian Zhihui Chuxing Technology Co., Ltd. and Guangzhou Xiaopeng Zhihui Chuxing Technology Co., Ltd., and Equity Interest Pledge Agreement between He Xiaopeng, Xia Heng and Guangzhou Xiaopeng Zhihui Chuxing Technology Co., Ltd. and Guangzhou Yidian Zhihui Chuxing Technology Co., Ltd. are collectively referred to as "**Original Contractual Arrangements**")

Now, therefore, the Parties agree as follows upon consensus through negotiation:

Article 1 Upon the effective date of Equity Transfer Contract on Guangzhou Yidian Zhihui Chuxing Technology Co., Ltd. (i.e., April 20, 2024), the aforementioned Original Contractual Arrangements and all associated rights and obligations shall be terminated.

Article 2 This Agreement shall be signed and sealed by the legal representatives or authorized representatives of each Party and shall become effective on April 20, 2024, the effective date of the Equity Transfer Contract on Guangzhou Yidian Zhihui Chuxing Technology Co., Ltd.

Article 3 Each Party confirms that after the termination of the Original Contractual Arrangements, there are no disputes, outstanding debts, or liabilities among the Parties arising from or in connection with the Original Contractual Arrangements and their terms. Moreover, no Party may assert any other rights against the other Parties in connection with the signing of the Original Contractual Arrangements, except for the rights and obligations already exercised under the Original Contractual Arrangements, which shall remain valid.

Article 4 Unless otherwise stipulated in this Agreement, each Party irrevocably and unconditionally releases the other Parties of this Agreement, their respective affiliates, and the successors and assigns thereof from any and all disputes, claims, demands, rights, obligations, liabilities or causes of action, of any kind or nature that exist, may exist, or might have existed in the past, present, or future arising directly or indirectly from or related to the rights and obligations of the Parties under the Original Contractual Arrangements, whether such claims, demands, or causes of action have been initiated or not, and whether known or unknown.

Article 5 Each Party shall have the obligation of confidentiality regarding any commercial information they come into contact with or become aware of in the course of performing this Agreement, unless there is clear evidence proving such information is publicly known or prior written authorization is obtained from the other Party. This obligation of confidentiality shall remain effective after the expiration, revocation, or termination of this Agreement. Any Party that causes losses to the other Party due to a breach of this obligation shall compensate the respective losses of the other Party.

Article 6 Each Party shall bear any and all transfer and registration taxes, costs, and fees incurred by or imposed on it in connection with the preparation, signing of this Agreement, and the completion of the transactions contemplated herein, according to the applicable laws.

Article 7 Any disputes arising from the performance of this Agreement shall be resolved through amicable negotiations among the Parties. If negotiations fail to resolve the dispute, either Party has the right to submit the dispute to the competent People's Court in Tianhe District, Guangzhou.

Article 8 The place of signing this Agreement shall be Tianhe District, Guangzhou.

Article 9 This Agreement shall become effective on the commencement date stated at the beginning of this document, after being signed by all Parties. This Agreement is made in quadruplicate, with each party holding one copy, all of which have equal legal effect.

[The remainder of this page is intentionally left blank.]

[Signature page of the Termination Agreement]

Guangzhou Xiaopeng Zhihui Chuxing Technology Co., Ltd. (seal)

Legal representative: Zhao Dawu

Signature: /s/ Zhao Dawu

[Signature page of the Termination Agreement]

Guangzhou Yidian Zhihui Chuxing Technology Co., Ltd. (seal)

Legal representative: Chen Zhiyuan

Signature: /s/ Chen Zhiyuan

[Signature page of the Termination Agreement]

He Xiaopeng

Signature: /s/ He Xiaopeng

[Signature page of the Termination Agreement]

Xia Heng

Signature: /s/ Xia Heng

Exhibit 8.1

List of Significant Subsidiaries of the Registrant (as of December 31, 2024)

Subsidiaries	Jurisdiction of Incorporation
XPeng Limited	BVI
XPeng (Hong Kong) Limited	Hong Kong
Zhaoqing Xiaopeng New Energy Investment Co., Ltd.* 肇庆小鹏新能源投资有限公司	PRC
Guangdong Xiaopeng Motors Technology Group Co., Ltd.* 广东小鹏汽车科技集团有限公司	PRC
Guangzhou Chengxing Zhidong Automotive Technology Co., Ltd.* 广州橙行智动汽车科技有限公司	PRC
Xiaopeng Motors Huazhong (Wuhan) Co., Ltd.* 小鹏汽车华中（武汉）有限公司	PRC
Zhaoqing Xiaopeng Automobile Co., Ltd.* 肇庆小鹏汽车有限公司	PRC
XPeng Charging (Hong Kong) Limited	Hong Kong
XPeng Power Battery (Hong Kong) Limited	Hong Kong
Guangzhou Xiaopeng Smart Charge Technology Co., Ltd.* 广州小鹏智慧充电科技有限公司	PRC
Shanghai Jusheng Technology Co., Ltd.* 上海桔晟科技有限公司	PRC
Wuhan Xiaopeng Intelligent Manufacturing Co., Ltd.* 武汉小鹏智能制造有限公司	PRC
Zhaoqing Xiaopeng New Energy Investment Co., Ltd. Guangzhou Branch* 肇庆小鹏新能源投资有限公司广州分公司	PRC
Guangzhou Xiaopeng New Energy Vehicle Co., Ltd.* 广州小鹏新能源汽车有限公司	PRC
Guangzhou Zhipeng Manufacturing Co., Ltd.* 广州智鹏制造有限公司	PRC
Guangzhou Xiaopeng Automotive Financial Leasing Co., Ltd.* 广州小鹏汽车融资租赁有限公司	PRC
Guangzhou Pengyue Automobile Development Co., Ltd.* 广州鹏跃汽车发展有限公司	PRC

Beijing Xiaopeng Automobile Co., Ltd.* 北京小鹏汽车有限公司	PRC
Xiaopeng Motor Sales Co., Ltd.* 小鹏汽车销售有限公司	PRC
XPeng International Holding (BVI) Limited	BVI
XPeng International Holding (Hong Kong) Limited	Hong Kong
XPeng European Holding B.V.	Netherlands
XPeng Motors International (Hong Kong) Limited	Hong Kong
Guangzhou Xiaopeng Autonomous Driving Technology Co., Ltd.* 广州小鹏自动驾驶科技有限公司	PRC
Beijing Jusheng Intelligent Automotive Technology Co., Ltd.* 北京桔昇智能汽车科技有限公司	PRC
XPeng Dogotix Holdings Limited	BVI
Dogotix (Hong Kong) Limited	Hong Kong
Guangdong Pengxing Intelligent Co., Ltd.* 广东鹏行智能有限公司	PRC
XPeng Huitian Holdings Limited	BVI
Guangzhou Xiaopeng Automobile Manufacturing Co., Ltd.* 广州小鹏汽车制造有限公司	PRC
Shanghai Xiaopeng Motors Technology Co., Ltd.* 上海小鹏汽车科技有限公司	PRC
Guangdong Xiaopeng Automotive Industry Holdings Co., Ltd.* 广东小鹏汽车产业控股有限公司	PRC
Shenzhen Xiaopeng Automobile Sales Service Co., Ltd.* 深圳小鹏汽车销售服务有限公司	PRC
Guangzhou City Delong Automotive Services Co., Ltd.* 广州市德隆汽车服务有限公司	PRC
Shanghai Xiaopeng Automobile Sales Service Co., Ltd.* 上海小鹏汽车销售服务有限公司	PRC
Guangzhou Xiaopeng Motors Technology Co., Ltd.* 广州小鹏汽车科技有限公司	PRC
Guangzhou Pengran Automobile Technology Co., Ltd.* 广州鹏冉汽车科技有限公司	PRC
Xiaoju Smart Auto Co., Limited	Cayman Islands

Xiaoju Smart Auto (HK) Co., Limited	Hong Kong
Hangzhou Zhipeng Automobile Sales Service Co., Ltd.* 杭州智鹏汽车销售服务有限公司	PRC
Guangzhou Xiaopeng Automobile Investment Consulting Partnership (Limited Partnership)* 广州小鹏汽车投资咨询合伙企业(有限合伙)	PRC
Beijing Xiaopeng Automobile Sales Service Co., Ltd.* 北京小鹏汽车销售服务有限公司	PRC
Guangzhou Xiaopeng Zhihui Chuxing Technology Co., Ltd.* 广州小鹏智慧出行科技有限公司	PRC
Wuhan Xiaopeng Automobile Sales Service Co., Ltd.* 武汉小鹏汽车销售服务有限公司	PRC
Shanghai Pengxing Automobile Sales Service Co., Ltd.* 上海鹏行汽车销售服务有限公司	PRC
Shanghai Chengpeng Automobile Technology Co., Ltd.* 上海橙鹏汽车科技有限公司	PRC
Dongguan Pengxing Automobile Sales Service Co., Ltd.* 东莞鹏行汽车销售服务有限公司	PRC
Shenzhen Pengxing Smart Research Co., Ltd.* 深圳鹏行智能研究有限公司	PRC
Shenzhen Xiaopeng Automobile Technology Co., Ltd.* 深圳小鹏汽车科技有限公司	PRC

Xi'an Xiaopeng Energy Automobile Sales Service Co., Ltd.* 西安小鹏能源汽车销售服务有限公司	PRC
Chongqing Pengyue Automobile Sales Service Co., Ltd.* 重庆鹏悦汽车销售服务有限公司	PRC
Ningbo Xiaopeng Automobile Sales Service Co., Ltd.* 宁波小鹏汽车销售服务有限公司	PRC
Guangzhou Pengxu Automatic Driving Technology Co., Ltd.* 广州鹏煦自动驾驶科技有限公司	PRC
XMotors Limited	Hong Kong
Guangzhou Pengyi Automobile Technology Co., Ltd.* 广州鹏毅汽车科技有限公司	PRC
Shanghai Pengxu Automobile Sales Service Co., Ltd.* 上海鹏煦汽车销售服务有限公司	PRC
Xiaopeng New Energy Vehicle Sales (Guangzhou) Co., Ltd.* 小鹏新能源汽车销售(广州)有限公司	PRC
Beijing Chengpeng Automobile Technology Co., Ltd.* 北京橙鹏汽车科技有限公司	PRC
XMotors. AI, Inc.	U.S.
XPeng Motors (Norway) AS	Norway
Shenzhen Xiaopeng Automobile Supply Chain Management Co., Ltd.* 深圳小鹏汽车供应链管理有限公司	PRC
Xiaopeng New Energy Vehicle Sales (Zhaoqing) Co., Ltd.* 小鹏新能源汽车销售(肇庆)有限公司	PRC
Xiaopeng Motor Sales (Wuhan) Co., Ltd.* 小鹏汽车销售(武汉)有限公司	PRC
Guangzhou Chengpeng Automobile Sales Service Co., Ltd.* 广州橙鹏汽车销售服务有限公司	PRC
Shenzhen Chengpeng Automobile Technology Co., Ltd.* 深圳橙鹏汽车科技有限公司	PRC
Chengdu Xiaopeng Automobile Sales Service Co., Ltd.* 成都小鹏汽车销售服务有限公司	PRC

Beijing Chengpeng Automobile Sales Service Co., Ltd.* 北京橙鹏汽车销售服务有限公司	PRC
Foshan Xiaopeng Automobile Sales Service Co., Ltd.* 佛山小鹏汽车销售服务有限公司	PRC
(formerly known as Foshan Pengxing Automobile Sales Service Co., Ltd. (佛山鹏行汽车销售服务有限公司))	
Chongqing Xiaopeng Automobile Sales Service Co., Ltd.* 重庆小鹏汽车销售服务有限公司	PRC
Haikou Xiaopeng Automobile Sales Service Co., Ltd.* 海口小鹏汽车销售服务有限公司	PRC
Hangzhou Pengxing Automobile Sales Service Co., Ltd.* 杭州鹏行汽车销售服务有限公司	PRC
Shenzhen Pengxing Intelligent Technology Innovation Co., Ltd.* 深圳鹏行智能科创有限公司	PRC
Xiamen Pengxing Automobile Sales Service Co., Ltd.* 厦门鹏行汽车销售服务有限公司	PRC

* The English name of this subsidiary, as applicable, has been translated from its Chinese name.

Exhibit 11.2

XPENG INC.

(THE "COMPANY")

AMENDED AND RESTATED STATEMENT OF POLICIES

GOVERNING MATERIAL, NON-PUBLIC INFORMATION AND

THE PREVENTION OF INSIDER TRADING

Adopted by the Board of Directors of the Company on June 19, 2021

The Statement of Policies Governing Material, Non-Public Information and the Prevention of Insider Trading, initially adopted by the Board of Directors of the Company on August 20, 2020, has been replaced in its entirety by this Amended and Restated Statement of Policies Governing Material, Non-Public Information and the Prevention of Insider Trading (this "Statement") of the Company, effective as of July 7, 2021.

This Statement consists of three sections: Section I provides an overview and basic principles; Section II sets forth the Company's Code governing securities transactions by directors (the "Code"); Section III sets forth the Company's policies prohibiting insider trading; and Section IV explains insider trading.

I. SUMMARY AND BASIC PRINCIPLES

The Company's ADSs representing the Ordinary Shares are currently trading on the NYSE and the Company's Class A Ordinary Shares are currently trading on the HKSE. "Insider trading" occurs when you purchase or sell securities while in possession of inside information relating to such securities.

This Policy sets a required standard against which directors must measure their conduct regarding transactions in securities of the Company. A director must seek to ensure that all dealings in which he is or is deemed to be interested be conducted in accordance with this Policy.

Preventing insider trading is necessary to comply with the United States federal securities law, Hong Kong securities law and the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Hong Kong Listing Rules") and any other applicable laws and regulations, and to preserve the reputation and integrity of the Company as well as that of all persons affiliated with it.

Directors wishing to deal in any securities in the Company must first have regard to the provisions of Parts XIII and XIV of the Hong Kong Securities and Futures Ordinance with respect to insider dealing and market misconduct. However, there are occasions where directors should not be free to deal in the Company's securities even though the statutory requirements will not be contravened.

The single most important thrust of this Statement is that directors who are aware of or privy to any negotiations or agreements related to intended acquisitions or disposals which are notifiable transactions under Chapter 14 of the Hong Kong Listing Rules or connected transactions under Chapter 14A of the Hong Kong Listing Rules or any inside information must refrain from dealing in the issuer's securities as soon as they become aware of them or privy to them until the information has been announced. Directors who are privy to relevant negotiations or agreements or any inside information should caution those directors who are not so privy that there may be inside information and that they must not deal in the issuer's securities for a similar period.

In addition, a director must not make any unauthorised disclosure of confidential information, whether to co-trustees or to any other person (even those to whom he owes a fiduciary duty) or make any use of such information for the advantage of himself or others.

The Company considers strict compliance with the Code and the policies (the "Policy") set forth in this Statement to be a matter of utmost importance. Violation of this Policy could cause extreme embarrassment and possible legal liability to you and the Company. Knowing or willful violations of this Statement or its spirit will be grounds for immediate dismissal from the Company.

Directors are required to comply with both sections II and III of this Statement. A breach of section II of this Statement by any director will be regarded as a breach of the Hong Kong Listing Rules. A breach of section III by any director will not be regarded as a breach of the Hong Kong Listing Rules.

Violation of the Policy might expose the violator to severe criminal penalties and civil liabilities. The monetary damages flowing from a violation could be three times the profit realized by the violator, as well as the attorney's fees of the persons injured.

Section II of this Statement applies to Directors only, and Section III of this Statement applies to all officers, directors, employees and advisors (e.g., accountants, attorneys, investment bankers and consultants) of the Company and its subsidiaries or any consolidated entities or any other person or entity (a) over which an individual mentioned above exercises influence or control of its investment decisions, or (b) which effects a transaction in the Company's securities, which securities are in fact beneficially owned by any of the individuals mentioned above ("Insider(s)"). Every Insider must review this Statement, and execute and return the Certificate of Compliance attached hereto to the Compliance Officer within seven (7) days after you receive this Statement.

Questions regarding the Statement should be directed to the Compliance Officer.

II. CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

Interpretation

1. For the purpose of this section II,

a. "dealing" includes, subject to paragraph (d) below, any acquisition, disposal or transfer of, or offer to acquire, dispose of or transfer, or creation of pledge, charge or any other security interest in, any securities of the Company or any entity whose assets solely or substantially comprise securities of the Company, and the grant, acceptance, acquisition, disposal, transfer, exercise or discharge of any option (whether call, put or both) or other right or obligation, present or future, conditional or unconditional, to acquire, dispose of or transfer securities, or any interest in securities, of the Company or any such entity, in each case whether or not for consideration and any agreements to do any of the foregoing, and "deal" shall be construed accordingly;

b. "beneficiary" includes any discretionary object of a discretionary trust (where the director is aware of the arrangement) and any beneficiary of a non-discretionary trust;

c. "securities" means listed securities and any unlisted securities that are convertible or exchangeable into listed securities and structured products (including derivative warrants), such as those described in Chapter 15A of the Hong Kong Listing Rules, issued in respect of the listed securities of a listed issuer;

d. notwithstanding the definition of "dealing" in paragraph (a) above, the following dealings are not subject to the provisions of this Code:

    i. taking up of entitlements under a rights issue, bonus issue, capitalisation issue or other offer made by the Company to holders of its securities (including an offer of shares in lieu of a cash dividend) but, for the avoidance of doubt, applying for excess shares in a rights issue or applying for shares in excess of an assured allotment in an open offer is a "dealing";

    ii. allowing entitlements to lapse under a rights issue or other offer made by the Company to holders of its securities (including an offer of shares in lieu of a cash dividend);

    iii. undertakings to accept, or the acceptance of, a general offer for shares in the Company made to shareholders other than those that are concert parties (as defined under the Hong Kong Code on Takeovers and Mergers) of the offeror;

    iv. exercise of share options or warrants or acceptance of an offer for shares pursuant to an agreement entered into with a listed issuer before a period during which dealing is prohibited under this code at the pre-determined exercise price, being a fixed monetary amount determined at the time of grant of the share option or warrant or acceptance of an offer for shares;

v. an acquisition of qualification shares where, under the Company's constitutional documents, the final date for acquiring such shares falls within a period when dealing is prohibited under this code and such shares cannot be acquired at another time;

vi. dealing where the beneficial interest or interests in the relevant security of the Company do not change;

vii. dealing where a shareholder places out his existing shares in a "top-up" placing where the number of new shares subscribed by him pursuant to an irrevocable, binding obligation equals the number of existing shares placed out and the subscription price (after expenses) is the same as the price at which the existing shares were placed out; and

viii. dealing where the beneficial ownership is transferred from another party by operation of law.

2. For the purpose of this Code, the grant to a director of an option to subscribe or purchase his company's securities shall be regarded as a dealing by him, if the price at which such option may be exercised is fixed at the time of such grant. If, however, an option is granted to a director on terms whereby the price at which such option may be exercised is to be fixed at the time of exercise, the dealing is to be regarded as taking place at the time of exercise.

Rules

A. Absolute Prohibitions

1. A director must not deal in any of the securities of the issuer at any time when he possesses inside information in relation to those securities, or where clearance to deal is not otherwise conferred upon him under rule B.8 of this Code in Section II of this Statement.

2. A director must not deal in the securities of an issuer when by virtue of his position as a director of another issuer, he possesses inside information in relation to those securities.

3. (a) A director must not deal in any securities of the Company on any day on which its financial results are published and:

i. during the period of 60 days immediately preceding the publication date of the annual results or, if shorter, the period from the end of the relevant financial year up to the publication date of the results; and

ii. during the period of 30 days immediately preceding the publication date of the quarterly results (if any) and half-year results or, if shorter, the period from the end of the relevant quarterly or half-year period up to the publication date of the results,

unless the circumstances are exceptional, for example, where a pressing financial commitment has to be met as described in section C below. In any event, the director must comply with the procedure in rules B.8 and B.9 of this Code.

(b) The Company must notify the Exchange in advance of the commencement of each period during which directors are not allowed to deal under rule A.3(a).

Note: Directors should note that the period during which they are not allowed to deal under rule A.3 will cover any period of delay in the publication of a results announcement.

4. Where a director is a sole trustee, the provisions of this Code will apply to all dealings of the trust as if he were dealing on his own account (unless the director is a bare trustee and neither he nor any of his close associates is a beneficiary of the trust, in which case the provisions of this code will not apply).

5. Where a director deals in the securities of a listed issuer in his capacity as a co-trustee and he has not participated in or influenced the decision to deal in the securities and is not, and none of his close associates is, a beneficiary of the trust, dealings by the trust will not be regarded as his dealings.

6. The restrictions on dealings by a director contained in this Code will be regarded as equally applicable to any dealings by the director's spouse or by or on behalf of any minor child (natural or adopted) and any other dealings in which for the purposes of Part XV of the Hong Kong Securities and Futures Ordinance he is or is to be treated as interested. It is the duty of the director, therefore, to seek to avoid any such dealing at a time when he himself is not free to deal.

7. When a director places investment funds comprising securities of the Company under professional management, discretionary or otherwise, the managers must nonetheless be made subject to the same restrictions and procedures as the director himself in respect of any proposed dealings in the Company's securities.

B. Notification

8. A director must not deal in any securities of the Company without first notifying in writing the chairman or a director (otherwise than himself) designated by the board for the specific purpose and receiving a dated written acknowledgement. In his own case, the chairman must first notify the board at a board meeting, or alternatively notify a director (otherwise than himself) designated by the board for the purpose and receive a dated written acknowledgement before any dealing. The designated director must not deal in any securities of the issuer without first notifying the chairman and receiving a dated written acknowledgement. In each case,

    a. a response to a request for clearance to deal must be given to the relevant director within five business days of the request being made; and

    b. the clearance to deal in accordance with (a) above must be valid for no longer than five business days of clearance being received.

    Note: For the avoidance of doubt, the restriction under A.1 of this Code applies if inside information develops following the grant of clearance.

9. The procedure established within the Company must, as a minimum, provide for there to be a written record maintained by the Company that the appropriate notification was given and acknowledged pursuant to rule B.8 of this Code, and for the director concerned to have received written confirmation to that effect.

10. Any director of the Company who acts as trustee of a trust must ensure that his co-trustees are aware of the identity of any company of which he is a director so as to enable them to anticipate possible difficulties. A director having funds under management must likewise advise the investment manager.

11. Any director who is a beneficiary, but not a trustee, of a trust which deals in securities of the Company must endeavour to ensure that the trustees notify him after they have dealt in such securities on behalf of the trust, in order that he in turn may notify the Company. For this purpose, he must ensure that the trustees are aware of the listed issuers of which he is a director.

12. The register maintained in accordance with Section 352 of the Hong Kong Securities and Futures Ordinance should be made available for inspection at every meeting of the board.

13. The directors of a company must as a board and individually endeavour to ensure that any employee of the Company or director or employee of a subsidiary company who, because of his office or employment in the company or a subsidiary, is likely to possess inside information in relation to the securities of any issuer does not deal in those securities when he would be prohibited from dealing by this code if he were a director.

C. Exceptional Circumstances

14. If a director proposes to sell or otherwise dispose of securities of the Company under exceptional circumstances where the sale or disposal is otherwise prohibited under this code, the director must, in addition to complying with the other provisions of this Code, comply with the provisions of rule B.8 of this Code regarding prior written notice and acknowledgement. The director must satisfy the chairman or the designated director that the circumstances are exceptional and the proposed sale or disposal is the only reasonable course of action available to the director before the director can sell or dispose of the securities. The Company shall give written notice of such sale or disposal to the Exchange as soon as practicable stating why it considered the circumstances to be exceptional. The Company shall publish an announcement in accordance with rule 2.07C of the Hong Kong Listing Rules immediately after any such sale or disposal and state that the chairman or the designated director is satisfied that there were exceptional circumstances for such sale or disposal of securities by the director. An example of the type of circumstances which may be considered exceptional for such purposes would be a pressing financial commitment on the part of the director that cannot otherwise be satisfied.

D. Disclosure

15. In relation to securities transactions by directors, the Company shall disclose in its interim reports (and summary interim reports, if any) and the Corporate Governance Report contained in its annual reports (and summary financial reports, if any):

    a. whether the Company has adopted a code of conduct regarding securities transactions by directors on terms no less exacting than the required standard set out in the Model Code for Securities Transactions by Directors of Listed Issuers (Appendix 10 of the Hong Kong Listing Rules) (the "Model Code");

    b. having made specific enquiry of all directors, whether its directors have complied with, or whether there has been any non-compliance with, the required standard set out in the Model Code and its code of conduct regarding securities transactions by directors; and

    c. in the event of any non-compliance with the required standard set out in the Model Code, details of such non-compliance and an explanation of the remedial steps taken by the Company to address such non-compliance.

III. POLICIES PROHIBITING INSIDER TRADING FOR NON-DIRECTORS

For purposes of this Section III, while the terms "purchase" and "sell" of securities exclude the acceptance of options granted by the Company thereof and the exercise of options that does not involve the sale of securities, the cashless exercise of options does involve the sale of securities and therefore is subject to the policies set forth below.

A. ***No Trading with Material Insider Information***–**No Insider shall purchase or sell any securities of the Company while in possession of material, non-public information relating to the Company, its ADSs or other securities (the "Material Insider Information") or during certain periods**.

If you possess Material Insider Information, you must wait for the later of (i) twenty four (24) hours after public disclosure of the Material Insider Information by the Company, or (ii) one full Trading Day on the NYSE following such public disclosure before trading the Company's ADSs or other securities. The term "Trading Day" is defined as a day on which the NYSE is open for trading. NYSE's regular trading hours are from 9:30 a.m. to 4:00 p.m., New York City time, Monday through Friday.

In addition, no Insider shall purchase or sell any securities of the Company, regardless of whether such Insider possesses any Material Insider Information, (1) during any period commencing on the 25th day of the last month of each fiscal quarter and ending at the close of trading on the first Trading Day following the date upon which the Company's earnings statement for that fiscal quarter is released to the public; or (2) without the prior clearance by the Compliance Officer, during any period designated as a "limited trading period." The Compliance Officer may declare limited trading periods at the times that he deems appropriate, and need not provide any reason for making a declaration.

Furthermore, beginning on December 25th of each fiscal year, no Insider shall purchase or sell any security of the Company until the close of trading on the first Trading Day following the date of the Company's release of its financial results for the fiscal year ended on December 31 of the prior year.

Please see Section III below for an explanation of the Material Insider Information.

B. ***No Trading Outside of the Trading Window for Directors, Officers and Key Employees***– **Assuming none of the "no trading" restrictions set forth in Section**

II-A above applies, officers, directors and key employees designated by the Company may only purchase or sell any securities of the Company during the "Trading Window." Generally, there will be four Trading Windows per year, each commencing with the close of trading on the first Trading Day following the date upon which the Company's financial results for the prior fiscal quarter is released to the public and closing on the 25th day of the last month of each fiscal quarter.

Furthermore, all transactions in the Company's securities (including without limitation, acquisitions and dispositions of the ADSs and the sale of Ordinary Shares issued upon exercise of stock options, but excluding the acceptance of options granted by the Company and the exercise of options that does not involve the sale of securities) by officers, directors and key employees designated by the Company from time to time must be pre-approved by the Compliance Officer.

If the Company's earnings statement for a fiscal quarter or fiscal year is released on a Trading Day more than four hours before the NYSE closes, then such date of disclosure shall be considered the first Trading Day following such public disclosure.

Please note that trading in Company securities during the Trading Window is not a "safe harbor," and all Insiders should strictly comply with all other policies set forth in this Statement.

When in doubt, do not trade! Check with the Compliance Officer first.

C. ***No Tipping*** - No Insider shall directly or indirectly disclose any Material Insider Information to anyone who trades in securities (so-called "tipping").

D. ***Confidentiality*** - No Insider shall communicate any Material Insider Information to anyone outside the Company under any circumstances unless approved by the Compliance Officer in advance, or to anyone within the Company other than on a need-to-know basis.

E. ***No Comment*** - No Insider shall discuss any internal matters or developments of the Company with anyone outside of the Company, except as required in the performance of regular corporate duties. Unless you are expressly authorized to the contrary, if you receive any inquiries about the Company or its securities by the financial press, investment analysts or others, or any requests for comments or interviews, you should decline to comment and direct the inquiry or request to the Compliance Officer.

F. ***Corrective Action*** - If any potentially Material Insider Information is inadvertently disclosed, any Insider should notify the Compliance Officer immediately so that the Company can determine whether or not corrective action, such as general disclosure to the public, is warranted.

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IV. EXPLANATION OF INSIDER TRADING

For the purpose of Section III, "insider trading" refers to the purchase or sale of securities while in possession of "material" and "non-public" information relating to such securities. "Securities" include not only stocks, bonds, notes and debentures, but also options, warrants and similar instruments. "Purchase" and "sale" are defined broadly under the United States federal securities law. "Purchase" includes not only the actual purchase of securities, but any contract to (i) purchase or otherwise acquire securities or (ii) borrow securities. "Sale" includes not only the actual sale of securities, but any contract to (i) sell or otherwise dispose of securities or (ii) pledge securities. These definitions extend to a broad range of transactions including conventional cash-for-stock transactions, the grant and exercise of stock options and acquisitions and exercises of warrants or puts, calls or other options related to the securities. It is generally understood that insider trading includes the following:

- Trading by Insiders while in possession of Material Insider Information;
- Trading by persons other than Insiders while in possession of Material Insider Information where the information either was given in breach of an Insider's fiduciary duty to keep it confidential or was misappropriated; or
- Communicating or tipping Material Insider Information to others, including recommending the purchase or sale of the securities while in possession of such information.

As noted above, for purposes of section III of this Statement, the terms "purchase" and "sell" of securities exclude the acceptance of options granted by the issuer thereof and the exercise of options that does not involve the sale of securities. Among other things, the cashless exercise of options does involve the sale of securities and therefore is subject to the policies set forth in this Statement.

What Facts are Material?

The materiality of a fact depends upon the circumstances. A fact is considered "material" if it could reasonably be expected to affect the decision of a reasonable investor to buy, sell or hold the Company's securities or where the fact is likely to have a significant effect on the market price of the Company's securities. Material Insider Information can be positive or negative and can relate to virtually any aspect of a company's business or to any type of securities, debt or equity.

Examples of Material Insider Information include (but are not limited to) information concerning:

- dividends;
- corporate earnings or earnings forecasts;
- changes in financial condition or asset value;
- negotiations for the mergers or acquisitions or dispositions of significant subsidiaries or assets;
- significant new contracts or the loss of a significant contract;
- significant new products or services;
- significant marketing plans or changes in such plans;
- capital investment plans or changes in such plans;
- material litigation, administrative action or governmental investigations or inquiries about the Company or any of its affiliated companies, officers or directors;
- significant borrowings or financings;
- defaults on borrowings;
- new equity or debt offerings;
- significant personnel changes;
- changes in accounting methods and write-offs; and
- any substantial change in industry circumstances or competitive conditions which could significantly affect the Company's earnings or prospects for expansion.

A good general rule of thumb: **when in doubt, do not trade.** One convenient rule of thumb in making this determination is to ask yourself, "Would the person on the other side of this transaction still want to complete the trade at this price if he or she knew what I know about the Company?" If the answer is "no," you probably possess Material Insider Information.

What is Non-public?

Information is "non-public" if it has not been disclosed in a manner that allows it to be widely disseminated. In order for information to be considered public, it must be widely disseminated in a manner making it generally available to investors and confirmed by a reasonably reliable source. Wide dissemination generally occurs through a press release or in the Company's filing with the United States Security and Exchange Commission (the "SEC") or the Stock Exchange of Hong Kong (the "HKEx"), or through such media as *Dow Jones*, *Reuters Economic Services*, *The Wall Street Journal*, *Bloomberg*, *Associated Press*, or *United Press International*. Reasonable confirmation generally includes confirmation by officers, directors and key employees who have been authorized by the Company to speak on its behalf. The circulation of rumors, even if accurate and reported in the media, does not constitute effective public dissemination.

In addition, even after a public announcement, a reasonable period of time must lapse in order for the market to react to the information. Generally, one should allow approximately twenty four (24) hours following publication as a reasonable waiting period before such information is deemed to be public.

Who is an Insider?

Insiders include all officers, directors, employees and advisors (e.g. accountants, attorneys, investment bankers and consultants) of the Company and its subsidiaries or consolidated entities or any other person or entity (a) over which an individual mentioned above exercises influence or control of its investment decisions, or (b) which effects a transaction in the Company's securities, which securities are in fact beneficially owned by any of the individuals mentioned above. Insiders have independent fiduciary duties to their company and its stockholders not to trade on Material Insider Information. In addition, family members and friends of Insiders may also fall under the definition of Insiders of the Company.

It should be noted that trading by an Insider's family members can be the responsibility of such Insider under certain circumstances and could give rise to legal and Company-imposed sanctions.

Trading by Persons Other than Insiders

Insiders are also prohibited from disclosing Material Insider Information, or making a recommendation or expressing an opinion regarding the Company's securities based on such information, to others who might use the information to trade in the Company's securities. Both the Insider who communicated the Material Insider Information and the person who receives and uses such information (the "Tippee") may be liable under the United States federal securities law.

Persons other than Insiders also can be liable for insider trading, including Tippees who trade on Material Insider Information tipped to them or individuals who trade on Material Insider Information which has been misappropriated. Tippees inherit an Insider's duties and are liable for trading on Material Insider Information illegally tipped to them by an Insider. Similarly, just as Insiders are liable for the insider trading of their Tippees, so are Tippees who pass the information along to others who trade. In other words, a Tippee's liability for insider trading is no different from that of an Insider. Tippees can obtain Material Insider Information by receiving overt tips from others or through, among other things, conversations at social, business, or other gatherings.

Penalties for Engaging in Insider Trading

Penalties for trading on or tipping Material Insider Information can extend significantly beyond any profits made or losses avoided, both for individuals engaging in such unlawful conduct and their employers. The SEC and the United States Department of Justice have made the civil and criminal prosecution of insider trading violations a top priority. Enforcement remedies available to the government or private plaintiffs under the United States federal securities law include:

- SEC administrative sanctions;
- securities industry self-regulatory organization sanctions;
- civil injunctions;
- damage awards to private plaintiffs;
- disgorgement of all profits;
- civil fines for the violator of up to three times the amount of profit gained or loss avoided;
- civil fines for the employer or other controlling person of a violator (i.e., where the violator is an employee or other controlled person) of up to the greater of US$1,000,000 or three times the amount of profit gained or loss avoided by the violator;
- criminal fines for individual violators of up to US$5,000,000 (US$25,000,000 for an entity); and
- jail sentences of up to 20 years.

In addition, insider trading could result in serious sanctions by the Company, including immediate dismissal. Insider trading violations are not limited to violations of the United States federal securities law: other federal and state civil or criminal laws, such as the laws prohibiting mail and wire fraud and the United States Racketeer Influenced and Corrupt Organizations Act (RICO), may also be violated upon the occurrence of insider trading.

(Remainder of the page intentionally left blank)

CERTIFICATION OF COMPLIANCE

TO: Compliance Officer

FROM: _____

RE: XPENG INC. STATEMENT OF POLICIES OF GOVERNING MATERIAL, NON-PUBLIC INFORMATION AND THE PREVENTION OF INSIDER TRADING

I have received, reviewed, and understand the above-referenced Statement of Policies (the "Policy") and hereby undertake, as a condition to my present and continued employment at or association with XPeng Inc., to comply fully with the Policy.

I hereby certify that I have adhered to the Policy during the time period that I have been employed by or associated with XPeng Inc.

I agree to adhere to the Policy in the future.

_____

Name:
Title:

_____

Date:

Exhibit 12.1

Certification by the Chief Executive Officer

Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002

I, Xiaopeng He, certify that:

1. I have reviewed this annual report on Form 20-F of XPeng Inc. (the "Company");

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the Company as of, and for, the periods presented in this report;

4. The Company's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the Company and have:

   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the Company, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   (c) Evaluated the effectiveness of the Company's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   (d) Disclosed in this report any change in the Company's internal control over financial reporting that occurred during the period covered by the annual report that has materially affected, or is reasonably likely to materially affect, the Company's internal control over financial reporting; and

5. The Company's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the Company's auditors and the audit committee of the Company's board of directors (or persons performing the equivalent functions):

   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the Company's ability to record, process, summarize and report financial information; and

   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the Company's internal control over financial reporting.

Date: April 16, 2025

By: /s/ Xiaopeng He
Name: Xiaopeng He
Title: Chief Executive Officer

Exhibit 12.2

Certification by the Principal Financial Officer
Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002

I, Jiaming (James) Wu, certify that:

1. I have reviewed this annual report on Form 20-F of XPeng Inc. (the "Company");

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the Company as of, and for, the periods presented in this report;

4. The Company's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the Company and have:

   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the Company, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   (c) Evaluated the effectiveness of the Company's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   (d) Disclosed in this report any change in the Company's internal control over financial reporting that occurred during the period covered by the annual report that has materially affected, or is reasonably likely to materially affect, the Company's internal control over financial reporting; and

5. The Company's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the Company's auditors and the audit committee of the Company's board of directors (or persons performing the equivalent functions):

   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the Company's ability to record, process, summarize and report financial information; and

   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the Company's internal control over financial reporting.

Date: April 16, 2025

By: /s/ Jiaming (James) Wu
Name: Jiaming (James) Wu
Title: Vice President of Finance and Accounting
(principal financial and accounting officer)

Exhibit 13.1

Certification by the Chief Executive Officer
Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002

In connection with the annual report of XPeng Inc. (the "Company") on Form 20-F for the year ended December 31, 2024 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Xiaopeng He, Chief Executive Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that to my knowledge:

(1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: April 16, 2025

By: /s/ Xiaopeng He
Name: Xiaopeng He
Title: Chief Executive Officer

Exhibit 13.2

Certification by the Principal Financial Officer
Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002

In connection with the annual report of XPeng Inc. (the "Company") on Form 20-F for the year ended December 31, 2024 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Jiaming (James) Wu, principal financial and accounting officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that to my knowledge:

(1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: April 16, 2025

By: /s/ Jiaming (James) Wu
Name: Jiaming (James) Wu
Title: Vice President of Finance and Accounting
(principal financial and accounting officer)

Exhibit 15.1

FANGDA PARTNERS

http://www.fangdalaw.com

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Beijing 100020, PRC

XPeng Inc.

No. 8 Songgang Road, Changxing Street
Cencun, Tianhe District, Guangzhou
Guangdong 510640
People's Republic of China

April 16, 2025

Dear Sirs,

We consent to the references to our firm under "Item 4. Information on the Company—C. Organizational Structure—Contractual Arrangements with the Group VIEs and Their Shareholders", in XPeng Inc.'s Annual Report on Form 20-F for the year ended December 31, 2024 (the "Annual Report"), which is filed with the Securities and Exchange Commission (the "SEC") on the date hereof, and further consent to the incorporation by reference the summaries of our opinions under these headings into the Registration Statements on Form S-8 (No. 333-251792, No. 333-265733 and No. 333-282085). We also consent to the filing with the SEC of this consent letter as an exhibit to the Annual Report.

In giving such consent, we do not thereby admit that we come within the category of persons whose consent is required under Section 7 of the Securities Act of 1933, or under the Securities Exchange Act of 1934, in each case, as amended, or the regulations promulgated thereunder.

Yours faithfully,

/s/ Fangda Partners

Signature: Fangda Partners

Exhibit 15.2

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We hereby consent to the incorporation by reference in the Registration Statements on Form S-8 (No. 333-251792, No. 333-265733 and No. 333-282085) of XPeng Inc. of our report dated April 16, 2025 relating to the financial statements and the effectiveness of internal control over financial reporting, which appears in this Form 20-F.

/s/ PricewaterhouseCoopers Zhong Tian LLP
Shenzhen, the People's Republic of China
April 16, 2025