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Horizon Robotics

(A company controlled through weighted voting rights and incorporated in the Cayman Islands with limited liability)

(Stock code: 9660)

COMPLETION OF PLACING OF EXISTING SHARES AND TOP-UP SUBSCRIPTION OF NEW SHARES UNDER GENERAL MANDATE

The Board is pleased to announce that the completion of the Placing took place on June 16, 2025 in accordance with the terms and conditions of the Placing and Subscription Agreement, where an aggregate of 681,000,000 Placing Shares were successfully placed by the Managers, on a best effort basis, to not less than six placees, at the Placing Price of HK$6.93 for each Placing Share. To the best of the knowledge, information and belief of the Directors after having made all reasonable enquiries, the Placees and their ultimate beneficial owners are Independent Third Parties.

As all conditions for the completion of the Subscription had been fulfilled, the Company allotted and issued 681,000,000 Subscription Shares to the Existing Shareholders at HK$6.93 per Subscription Share on June 23, 2025 in accordance with the terms and conditions of the Placing and Subscription Agreement.

Reference is made to (i) the announcement of the Company dated June 12, 2025 (the "**Announcement**") in respect of the Placing and the Subscription and (ii) the prospectus of the Company dated October 16, 2024 (the "**Prospectus**"). Unless defined otherwise, capitalized terms used herein shall have the same meanings as those defined in the Announcement and the Prospectus.

COMPLETION OF THE PLACING AND THE SUBSCRIPTION

The Board is pleased to announce that the completion of the Placing took place on June 16, 2025 in accordance with the terms and conditions of the Placing and Subscription Agreement, where an aggregate of 681,000,000 Placing Shares were successfully placed by the Managers, on a best effort basis, to not less than six placees, at the Placing Price of HK$6.93 for each Placing Share. To the best of the knowledge, information and belief of the Directors after having made all reasonable enquiries, the Placees and their ultimate beneficial owners are Independent Third Parties. None of the Placees has become a Substantial Shareholder of the Company immediately after the completion of the Placing.

As all conditions for the completion of the Subscription had been fulfilled, the Company allotted and issued 681,000,000 Subscription Shares to the Existing Shareholders at HK$6.93 per Subscription Share on June 23, 2025 in accordance with the terms and conditions of the Placing and Subscription Agreement.

EFFECT ON THE SHAREHOLDING STRUCTURE OF THE COMPANY AS A RESULT OF THE PLACING AND THE SUBSCRIPTION(1)

The table below sets out the shareholding structure of the Company (i) immediately before the completion of the Placing and the Subscription; (ii) immediately after the completion of the Placing, but before the completion of the Subscription; and (iii) immediately after the completion of the Placing and the Subscription, respectively.

	Immediately before the completion of the Placing and the Subscription		**Immediately after the completion of the Placing, but before the completion of the Subscription**		**Immediately after the completion of the Placing and the Subscription**	
	Number of Share	*Approximate % of issued Shares*	*Number of Share*	*Approximate % of issued Shares*	*Number of Share*	*Approximate % of issued Shares*
Existing Shareholders(2)						
5Y Capital	*647,537,121*	*4.91%*	*207,399,543*	*1.57%*	*647,537,121*	*4.66%*
Morningside China TMT Fund IV, L.P.	411,860,100	3.12%	131,914,594	1.00%	411,860,100	2.97%
Evolution Special Opportunity Fund I, L.P.	131,937,848	1.00%	42,258,349	0.32%	131,937,848	0.95%
Morningside China TMT Fund IV Co-Investment, L.P.	41,186,040	0.31%	13,191,469	0.10%	41,186,040	0.30%
5Y Capital Growth Fund I, L.P.	38,891,420	0.29%	12,456,526	0.09%	38,891,420	0.28%
Evolution Fund I Co-Investment, L.P.	19,790,678	0.15%	6,338,753	0.05%	19,790,678	0.14%
5Y Capital Growth Fund I Co-Investment, L.P.	3,871,035	0.03%	1,239,852	0.01%	3,871,035	0.03%
HRRB Holdings Limited	*354,360,469*	*2.68%*	*113,498,047*	*0.86%*	*354,360,469*	*2.55%*
Placees	–	0.00%	681,000,000	5.16%	681,000,000	4.91%
Other Shareholders	12,198,396,092	92.41%	12,198,396,092	92.41%	12,198,396,092	87.88%
Total:	**13,200,293,682**	**100%**	**13,200,293,682**	**100%**	**13,881,293,682**	**100%**

Notes:

(1) Certain figures and percentage figures included in the above table have been subject to rounding adjustments.

(2) For details, please refer the sections headed "History, Development and Corporate Structure – Pre-IPO Investments – Information on the Pre-IPO Investors" in the Prospectus.

REASONS FOR THE PLACING AND THE SUBSCRIPTION

After the listing of the Company, the Company has continued to rapidly develop its business operations at a pace faster than expected, and has achieved significant milestones in various aspects of its business operations, as indicated in its annual report. While the Company currently intends to continue to utilize the proceeds from the Global Offering (including the proceeds from the partial exercise of the over-allotment option) in accordance with the purposes as disclosed in the Prospectus and timeline as disclosed by the Company in the annual report, with the necessary funds raised from the top-up placing and preparation in place, the Company will be well-positioned to grasp the right opportunities as and when they arise, which would be in the best interest of the Company and its Shareholders. After the expiration of its lock-up period after the listing of the Company in April 2025 and entry of the Shenzhen-Hong Kong Stock Connect and Shanghai-Hong Kong Stock Connect in May 2025, the Company was approached by various investors to discuss potential placing opportunities. On June 10, 2025, the Shareholders granted the general mandate to the Board to allot, issue and deal with additional Class B Ordinary Shares, and the Board authorized all executive Directors to approve and execute placing as appropriate. On the same date, the executive Directors resolved to proceed for a placing after discussion with potential investors.

Considering the current market condition, the macroenvironment and investor interests indicated, the Board is of the view that the Company has funding need, regardless of whether it is imminent or not, and shall conduct the Placing at this time, based on the following grounds:

- Since the Global Offering, the structure of the intelligent driving market has been undergoing significant changes. For instance, by the end of 2024 and in the PRC, approximately 65% of passenger vehicles were intelligent vehicles. Among these, about 80% were equipped with basic ADAS functions, while 20% featured AD (Highway NOA to Urban NOA) intelligent driving capabilities. Since the beginning of 2025, automakers have launched the intelligent driving democratization, bringing models equipped with highway NOA (Navigation on Autopilot) functions down to mainstream vehicles priced around RMB100,000. The Board also noticed that automakers have become even more proactive in introducing models with urban NOA capabilities to vehicles priced around RMB150,000, which means that in the medium to long term, only around 15% of models in the Chinese market will be equipped with ADAS functions (with manufacturer's suggested retail price ("**MSRP**") below RMB100,000), about 35% will feature highway NOA functions (with MSRP between RMB100,000 to 150,000), and 50% will be equipped with urban NOA functions (with MSRP above RMB150,000).

- The shift in market structure presents the Company with a tremendous window of opportunity for growth. The Company is now a leading provider of AD solutions, well positioned and committed to capturing greater market share as the industry undergoes transformative development. As the industry transitions from ADAS to AD, the Company's future product portfolio will gradually upgrade from Mono to Pilot and eventually HSD, resulting in a several-fold to dozens-fold increase in dollar content per vehicle.

- To achieve greater commercial success, the Board is of the view that the Company must ensure the smooth ramp-up of Pilot and the successful mass production of Horizon SuperDrive ("**HSD**"). Up to the date of this announcement, the Company has already secured over 100 vehicle models that will be equipped with Pilot, with some automakers having started mass production, while all other models are progressing rapidly toward mass production. It has also been designated by multiple automakers for over ten vehicle models that will feature HSD, with the first model scheduled to begin mass production within this year. The R&D of HSD is currently in full swing. The development of advanced algorithms and software for HSD will increasingly utilize cloud-based services and other technical expenditures, resulting in additional R&D expenses this year and in the foreseeable future.

The size of the Placing is determined with reference to (i) the funds demands as disclosed in this announcement, (ii) the discussion with potential investors, recent market conditions and macro environment, and (iii) the business outlook of the Company as disclosed in the annual report and recent business development since the listing of the Company as disclosed in this announcement.

USE OF THE PROCEEDS FROM THE SUBSCRIPTION

The net proceeds from the Subscription (after deducting all fees, costs and expenses properly incurred by the Existing Shareholders and the Company (including the Managers' commission, the stamp duty, the Stock Exchange trading fee and the SFC transaction levy) to be borne by the Company, and other expenses incurred by the Company, in connection with the Placing and the Subscription) amount to approximately HK$4,674.0 million.

The Company intends to use the net proceeds from the Subscription for the following purposes:

Intended use of net proceeds	**Net proceeds from the Subscription (HK$ million)**	**Percentage of net proceeds**	**Expected timeline of full utilization of the net proceeds**
For acceleration of its business expansion	674	14.42%	Before December 31, 2025
For investments in research and development to further advance its technological capabilities	2,000	42.79%	Before December 31, 2026
For other general corporate purposes	2,000	42.79%	Before December 31, 2026
Total	4,674	100%	

Note: Such allocation and expected time frame are based on the Directors' best estimation barring unforeseen circumstances, and would be subject to change based on the future development of the Company, the market conditions and availability of business development and investment opportunities.

In particular,

(I) For acceleration of its business expansion:

Since the listing of the Company, it has deepened its collaborations and strategic partnerships with Bosch and DENSO to co-develop competitive assisted driving solutions. With respect to Bosch, the Company will cooperate with Bosch to develop its new multi-purpose camera based on the Company's Journey 6B processing hardware, and its AD product family with highway NOA feature using the Journey 6E/M, offering enhanced safety, convenience and comfort for both drivers and passengers. Bosch's new multi-purpose camera and its AD product family with highway NOA feature have been awarded design-wins from multiple OEMs. With respect to DENSO, it will combine the Company's acclaimed Journey series processing hardware with DENSO's deep expertise in advanced driver-assistance systems (ADAS) R&D and full vehicle integration, which will deliver a safer and more convenient assisted driving experience for drivers and passengers. The funds will be mainly utilized on these businesses as elaborated above with Bosch and DENSO, and similar opportunities with global players.

As disclosed in the Prospectus, part of the proceeds from the Global Offering will be used for future strategic investment into our joint ventures, particularly CARIZON. Our past and future collaborations with Bosch and DENSO were and are envisaged to focus on business cooperation, without involving any capital investment such as formation of joint ventures. Accordingly, the intended use of proceeds from the Global Offering is distinct from the purpose of acceleration of its business expansion for the Placing.

Considering such strengthened partnership reached after listing of the Company and the timeline to commerce relevant businesses with Bosch and DENSO, the Company is of the view that such funding demand is imminent at this time.

In addition, the Company also plans to utilize these funds for strategic investments in its downstream clients or ecosystem partners which are expected to be conducted this year or next year, in order to further deepen its business collaboration and accelerate its business expansion. As at the date of this announcement, discussions on various investment and partnership opportunities are ongoing between the Company and the relevant counterparties.

(II) For investments in research and development to further advance its technological capabilities:

The use of proceeds disclosed in the Prospectus specifically "funding (i) procurements from third-party IT vendors for large-scale model iterations, and (ii) expenses for testing various functional modules at the vehicle level and for validation using generally accepted evaluation systems for AD solutions" primarily targeted the then-prevailing end-to-end perception architecture.

The transition from an end-to-end perception architecture to a unified one block end-to-end architecture – where perception, planning, and sometimes control are integrated into a single, globally optimized network – represents a new technological trend that has emerged after the Global Offering. This architecture processes raw sensor inputs to generate ego-motion directly based on model outputs. Therefore, the current architectural evolution was not contemplated at the time of the Global Offering and is distinct from the previously disclosed use of proceeds.

Compared to the end-to-end perception architecture, the unified one-block end-to-end architecture is technically more complex and entails increased demand for cloud services as well as higher associated costs, which requires imminent funds. The Company plans to invest more on cloud-based services and other technical services, including cloud disk, object/file storage, log service, parallel file storage and network service, in coming years to accelerate the commercialization of HSD, advancing its end-to-end autonomous driving paradigm. Historically, the Company cooperated with leading internet giant companies as to cloud services, and the Company plans to continue to invest more in cooperation with major cloud service providers in the market to accelerate the iterations of HSD.

(III) For other general corporate purposes:

The Company plans to utilize the proceeds to enhance flexibility and optionality for a potential cash repayment of its convertible bond. This use of proceeds is distinct from the "general corporate purposes and working capital needs" disclosed in the Prospectus, which did not contemplate repayment of the convertible bond. Considering the significantly improved market condition since the listing of the Company and the performance of the Company in capital markets, to optimize the Company's shareholding structure in the future and take into account the incoming maturity of relevant bond, the Company is of the view that cash flow from the top-up placing are significant to the Company, which has an imminent demand of the proceeds in this regard at this time. Considering the increased stock price since the listing of the Company, there are greater possibilities for the Company to proceed for a cash repayment of its convertible bond. The convertible bond will mature in December 2026 and if the cash payment does not materialize in the end, the Company plans to utilize the proceeds for the procurement of processing hardware, other product solution-related inventory, and the repayment of bank borrowings.

In addition, despite that it also plans to utilize the proceeds for the procurement of processing hardware, other product solution-related inventory, and the repayment of bank borrowings, this is distinct from the "general corporate purposes and working capital needs" described in the proceeds from the Global Offering, which at the time were primarily intended to cover general and administrative employee salaries, lease of office buildings and office renovation, and other daily operating expenses.

NET PROCEEDS FROM THE GLOBAL OFFERING

On October 24, 2024, 1,525,534,200 Class B Ordinary Shares were listed on the Stock Exchange with the net proceeds from Global Offering and the partial exercise of the over-allotment option of approximately HK$5,217 million and approximately HK$656 million, respectively.

As of May 31, 2025, the Group had utilized the net proceeds as set out in the table below:

Intended use of net proceeds	Net proceeds from the Global Offering (including the proceeds from the partial exercise of the over-allotment option) (HK$ million)	Percentage of net proceeds as stated in the Prospectus	Utilized net proceeds as of May 31, 2025 (HK$ million)	Net proceeds unutilized as of May 31, 2025 (HK$ million)	Expected timeline of full utilization of the net proceeds
For research and development purposes, including ADAS and AD solution and technology pillars	4,111.2	70%	1,360.0	2,751.2	Before December 31, 2026
For sales and marketing related expenses	587.3	10%	189.6	397.7	Before December 31, 2026
For future strategic investment into our joint ventures, particularly CARIZON	587.3	10%	221.2	366.1	Before December 31, 2026
For general corporate purposes and working capital needs	587.3	10%	193.3	394.0	Before December 31, 2026
Total	5,873.1	100%	1,964.1	3,909.0	

By order of the Board
Horizon Robotics
Dr. Kai Yu
Chairman and Executive Director

Hong Kong, June 23, 2025

As of the date of this announcement, the board of directors of the Company comprises (i) Dr. Kai Yu, Dr. Chang Huang, Ms. Feiwen Tao and Dr. Liming Chen as executive directors; (ii) Mr. Liang Li, Mr. Qin Liu, Dr. André Stoffels and Dr. Juehui Zhang as non-executive directors; and (iii) Dr. Jun Pu, Mr. Yingqiu Wu, Dr. Katherine Rong XIN and Dr. Ya-Qin Zhang as independent non-executive directors.