
SUMMARY

This summary aims to give you an overview of the information contained in this document. As this is a summary, it does not contain all the information that may be important to you. You should read the entire document before you decide to [REDACTED] in the [REDACTED].

There are risks associated with any [REDACTED]. Some of the particular risks in [REDACTED] in the [REDACTED] are set out in “Risk Factors.” You should read that section carefully before you decide to [REDACTED] in the [REDACTED].

OVERVIEW

Our Business Model

We are a ride hailing platform in China originally incubated by Geely Group. We connect passengers and drivers to deliver consistent and high-quality ride experiences. We uphold a commitment to user experience, which is essential for our growth into one of China’s largest ride hailing platforms. Today, we offer an array of safe, affordable, and convenient mobility services. We operated in 136 cities as of December 31, 2024. Our total GTV was RMB12.2 billion in 2023, representing an increase of 37.5% from 2022, and reached RMB17.0 billion in 2024, representing an increase of 38.8% from 2023 and 5.4% market share according to Frost & Sullivan. We are known for our service quality, and have strengthened our brand image with a continually evolving fleet of vehicles dedicated to mobility operations, which we refer to as purpose-built vehicles. We collaborate with car partners, which refers to businesses that supply drivers and vehicles to provide services on our platform, for a substantial portion of the orders completed, as car partners bring us additional service capacity and allow us to expand our coverage efficiently. Meanwhile, we provide our own vehicles to certain drivers, which we refer to as affiliated drivers, who generally dedicate a greater amount of their time serving on our platform than car-partner drivers.

Our platform is uniquely positioned in the market due to our strategic relationship with the Geely Group and our comprehensive control of purpose-built vehicles. This strategic relationship has positioned us as a leader in the development of purpose-built vehicles, with a fleet of over 34,000 purpose-built vehicles across 31 cities as of December 31, 2024 for the use of our affiliated drivers – the largest of its kind in China according to Frost & Sullivan. We started deploying purpose-built vehicles since 2022. Orders fulfilled by purpose-built vehicles accounted for 25.1% of our GTV in 2024. This percentage is expected to further increase as we plan to ultimately provide all of our affiliated drivers with purpose-built vehicles and are increasing the sale of purpose-built vehicles to car partners. In 2024, we entered 85 new cities in collaboration with local car partners through selling them our purpose-built vehicles. These vehicles have become closely associated with our brand image and fortify our reputation for delivering consistently high-quality and intelligent ride experience.

SUMMARY

Furthermore, our strategic relationship with Geely Group enhances our operating efficiency. We support our drivers with a suite of auto solutions, including implementing comprehensive driver safety incentives to lower insurance cost and adopting the Transparent Servicing program to reduce maintenance and repair costs. We leverage an expanding network of battery swap stations and auto servicing shops operated by Geely Group, which empowers our drivers with significant cost advantages, enhancing their net income. Our purpose-built vehicles also optimize economics and driving experience for drivers.



Notes:

- (1) Refers to where our users may place ride hailing orders, including our own apps and the apps of third-party aggregation platforms.
- (2) Refers to our proprietary, AI-powered decision-making system responsible for order dispatch and other tasks.
- (3) As of December 31, 2024, according to Frost & Sullivan.

Market Opportunity and Challenges in Shared Mobility

In 2024, the mobility market in China was valued at RMB8.0 trillion, with shared mobility services accounting for RMB344.4 billion, representing a penetration rate of 4.3%. This market is poised for a significant shift towards shared mobility, driven by two primary factors. Firstly, shared mobility costs approximately RMB2.70 per kilometer in China, nearly 40% less than the RMB4.50 per kilometer incurred by private vehicles. Secondly, the adoption of private vehicle ownership faces considerable challenges in urban areas, including restrictive license plate policies, limited parking availability, and prevalent traffic congestion.

SUMMARY

The shared mobility market is expected to grow to RMB804.2 billion by 2029, reflecting a CAGR of 17.0% from 2025. This growth is projected to increase market penetration to 7.6%. The shared mobility market is highly concentrated where one player has captured significantly more market share than us. However, the market is evolving towards greater access to user traffic for shared mobility providers. Unlike past trends where a single app dominated user interactions, a diverse array of popular portals for mapping, navigation, and local services are now pivotal in directing user traffic, leading to the rise of various emerging players like us. In 2024, aggregation platforms contributed to 31.0% of total ride hailing orders, a significant increase from 7.0% in 2019.

Despite the growth opportunities, the shared mobility industry continues to face entrenched challenges:

- **Costly and Inconsistent User Experience.** Users are often forced to choose between a quality ride experience and affordability. Even within the same price range, ride experiences can vary significantly, sometimes resulting in substandard service due to lack of service and vehicle standardization.
- **Substantial Challenges for Drivers.** Drivers face substantial expenses relating to vehicle purchase, maintenance, and energy replenishment, which significantly curtail their earnings potential. Moreover, many drivers work in challenging conditions, often around 10 hours a day in vehicles that are not designed for such prolonged use.
- **Economic Bottlenecks for Service Providers.** Many shared mobility platforms struggle with improving profitability on a per-ride basis, which we refer to as unit economics, due to limited control over their vehicle costs, which in turn hampers their ability to manage operating costs effectively.

These challenges underscore the need for a transformative approach in the shared mobility sector, prompting a re-evaluation of the role of vehicles beyond mere mode of transport and as an integral part of a broader mobility solution.

Our Competitive Strengths

Distinctive emphasis and control of vehicles through strategic relationship with Geely Group

Originally incubated by Geely Group, we benefit from distinctive discretion in the development of purpose-built vehicles, which provides a solid base to form the first vehicle brand in China dedicated to shared mobility.

Our deep engagement in the vehicle design process allows us to shape vehicle specifications that precisely meet the needs of passengers and drivers, including enhancing vehicle durability and serviceability, adopting battery swap architectures, and implementing smart cabin features. Our involvement extends across the vehicle lifecycle, ranging from design and deployment, pricing and sales, to operation and servicing, enabling us to optimize passenger experience, reduce vehicle TCO, and provide other benefits to drivers such as enhanced energy replenishment efficiency and better working conditions.

SUMMARY

Our competitive edge is further solidified by our ability to deploy purpose-built vehicles. These vehicles benefit from substantial economies of scale and supply chain negotiating power, ensuring high cost efficiency. As of December 31, 2024, we have deployed a fleet of over 34,000 purpose-built vehicles across 31 cities for the use of our affiliated drivers, making it the largest of its kind in China, according to Frost & Sullivan. In addition, in 2024, we have entered 85 new cities in collaboration with local car partners through selling them our purpose-built vehicles.

Furthermore, integrating our expertise in ride hailing services and Geely Group’s strength as a leading automotive-OEM and a frontrunner in the development of autonomous driving technologies, we launched our autonomous driving platform and commerced robotaxi services in two pilot cities in February 2025.

Differentiated user experience with strong brand recognition

We consistently deliver high-quality services on a large scale, positioning us as one of the premier ride hailing platforms in China. Our comprehensive driver management protocols incentivize all of our drivers, including those managed by car partners, to provide excellent and standardized services. CaoCao Mobility was recognized as the No. 1 brand in user recognition for “best service quality” among China’s leading shared mobility platforms in five consecutive quarterly surveys of thousands of shared mobility users nationwide from the fourth quarter of 2023 to the fourth quarter of 2024 by an independent third party.

Our service to users is underpinned by a strong focus on safety. We adopt early-warning protocols, such as additional training for underperforming drivers, to preemptively resolve safety concerns. Our purpose-built vehicles are equipped with collision warning systems that provide active protection, and our technologies enable real-time monitoring of drivers to deter dangerous behaviors. Our orders had an accident rate of 45 and 37 accidents per million orders completed in 2023 and 2024, respectively, substantially lower than the industry average of 112 and 101, according to Frost & Sullivan.

Our user experience is differentiated by our fleet of purpose-built vehicles, smart in-cabin features, and high-quality services provided by professional drivers. These differentiators not only bolster our brand but also significantly enhance user satisfaction.

Driver empowerment through reduced TCO and enhanced operating efficiency

Our value proposition to drivers is the significant reduction in TCO and enhanced operating efficiency, achieved through our comprehensive auto solutions, CaoCao Brain, and purpose-built vehicles.

Our cost-effective auto solutions reduce TCO for all vehicles on our platform. We implement comprehensive driver safety incentives to lower insurance cost, and adopt the Transparent Servicing program to reduce maintenance and repair costs. In addition, CaoCao Brain, our proprietary, AI-powered decision-making system, streamlines order dispatch and reduces driver wait time, increasing their operating efficiency.

SUMMARY

Furthermore, we offer our purpose-built vehicles, which are meticulously designed with a driver’s needs in mind. The vehicles focus on reducing TCO while providing a comfortable and efficient work environment. We enhance driver comfort and productivity through features like ventilated seats and traffic heatmap assistance, specifically tailored to support long hours on the road. The vehicles’ battery swap architecture allows energy replenishment to be completed in just 60 seconds, which significantly increases vehicle uptime and, consequently, driver income. Our purpose-built vehicles achieved a 36.4% lower average TCO compared to typical battery electric vehicles used in shared mobility, according to Frost & Sullivan.

Advanced and rapidly-evolving technologies

The CaoCao Brain plays a pivotal role in streamlining our operations. It efficiently manages order dispatch and allocates incentives for users, enhancing our growth in GTV. The transaction engine within the CaoCao Brain predicts future mobility demand, optimizes order dispatch, and maintains balance in mobility capacity to prevent fluctuations that lead to over- or under-utilization. It thus helps enhance driver earnings, reduce idle mileage, and decrease the average waiting time for passengers and drivers.

Our collaboration with Geely Group enhances our vehicle intelligence capabilities, allowing us significant control over purpose-built vehicles. This partnership enables us to leverage comprehensive data, optimizing and customizing vehicle functionalities to align with passenger and driver preferences such as implementing one-click ventilation function for passengers and order pick-up assistance for drivers.

Clear path of unit economics enhancement

We have systematically enhanced our unit economics by transforming the cost structure of our mobility services. In recent years, the average order value (AOV) of our mobility service remained stable while we achieved enhancement in user acquisition efficiency. With CaoCao Brain’s efficient distribution of user incentives, including across aggregation platforms that we partner with, our total user acquisition costs as a percentage of GTV decreased from 22.2% in 2022 to 18.1% in 2023. We have also reduced our reliance on driver incentives, as our scale and the resulting network effect ensures a high order density which reduced our drivers’ idle rate and increased their income per hour (IPH), and our comprehensive control over the full-lifecycle of vehicles reduces TCO for drivers. Our driver earnings and incentives adjusted for certain drivers’ salaries, which we refer to as adjusted driver earnings and incentives, measured as a percentage of mobility service revenue, has decreased progressively from 84.2% in 2022 to 79.1% in 2023 and 79.0% in 2024, while our drivers’ average IPH increased from RMB30.9 in 2022 to RMB36.1 in 2023 and slightly decreased to RMB35.7 in 2024, a year when driver IPH generally decreased across the industry due to increased competition and our driver IPH remained higher than other major participants, according to Frost & Sullivan. In the same period, we also entered a number of new cities and driver IPH is generally lower in the initial ramp-up period of new city entries, which contributed to the slight decrease in driver IPH. In 2023 and 2024, we achieved positive gross profit margins of 5.8% and 8.1%, respectively.

SUMMARY

Forward-looking senior management embracing new mobility

Our senior management team, embodying a proactive mindset and a global vision, averages over 13 years of experience across the internet, mobility service, and automotive industries, with an average age of 43. Our executive director and chief executive officer, Mr. Xin Gong, brings a wealth of experience from his tenure at a leading shared mobility platform. Guided by a board composed of seasoned veterans, including our board chairman Mr. Jian Yang, who has over 12 years as vice chairman at Geely Holding, our leadership team is adept at identifying and addressing the critical needs of passengers and drivers, which significantly enhances the functionality and purpose of our vehicles.

Our Commitment to Social Responsibility

Our scale and technology afford us an opportunity to create significant value for society, and we are committed to doing so. Since our inception, we have created flexible income opportunities for a cumulative of approximately 3.9 million drivers, with total payment to drivers exceeding RMB40 billion.

We have pioneered new energy-focused shared mobility services in China in pursuit of sustainable mobility. Since 2015, our Carbon Space feature in the CaoCao Mobility app has allowed users to monitor their contributions to carbon reduction, enhancing community awareness of carbon neutrality and promoting our dedication to sustainable practices. By December 31, 2024, we had facilitated approximately 1.9 billion rides in new energy vehicles, achieving a cumulative reduction of over 3.1 million tons of carbon emissions. In 2023, we accomplished carbon-neutral operation in terms of greenhouse gas emissions and are on track to achieve net zero carbon emissions for all ride hailing orders by 2035. Additionally, our control over vehicles has enabled us to cater to the needs of physically challenged individuals, including deploying the wheelchair-accessible LEVC TX5 equipped with numerous accessibility features. For details, see “Business—Overview—Our Commitment to Social Responsibility” and “Business—Environmental Sustainability, Social Responsibility, and Corporate Governance.”

OUR STRATEGIES

We are committed to advancing our position in the industry and achieving superior business growth through the following strategic initiatives:

- elevating service standards and bolstering our brand image to deepen user engagement and loyalty,
- enhancing and launching purpose-built vehicles to meet evolving market demands,
- expanding our geographical footprint and exploring innovative operational models,
- improving our auto solutions to reinforce our advantage in full-lifecycle vehicle management,
- advancing our technology to improve user experiences and increase operational efficiency, and
- investing in autonomous driving technologies to seize future market opportunities.

SUMMARY

RECENT DEVELOPMENT

On February 28, 2025, we hosted the launch event for CaoCao Smart Mobility, our autonomous driving platform, and announced the commencement of our robotaxi services in two pilot cities, Suzhou and Hangzhou. The CaoCao Smart Mobility platform seamlessly integrates our expertise in ride hailing services and Geely Group’s strength as a leading automotive-OEM and a frontrunner in the development of autonomous driving technologies, and marks an important milestone in our efforts towards large-scale commercialization of robotaxi services.

We believe we are uniquely positioned to seize future market opportunities in the commercialization of robotaxi services. In the traditional ride hailing industry, platform operators perform a series of functions through their employees, drivers and other vendors including not only driving but also vehicle maintenance and repair, energy replenishment, customer service, and emergency response. For robotaxi platform operators, they must have capabilities to perform all the above functions seamlessly and comprehensively, which requires not only autonomous driving technologies but also strong control over the operating vehicles and extensive knowhow in the provision of ride hailing services. Our position as one of the largest ride hailing platforms in China with ample experience managing and servicing a large fleet of vehicles, including a sizable fleet of purpose-built vehicles, and as an integral participant in the Geely ecosystem with access to their efficient research and development capability, afford us a competitive edge to accomplish the large-scale commercialization of robotaxi services with high cost efficiency. As our robotaxi ecosystem is closely integrated and consists solely of interest-aligned stakeholders within the Geely Group, we can maintain open and candid communication to avoid information asymmetry and operational inefficiencies. In addition, we can effectively collaborate with regulators and participate in the development of the regulatory framework as a responsible, all-in-one service provider.

We are developing new purpose-built vehicles dedicated to the provision of robotaxi services with Geely Group, including an L4 level robotaxi model fully designed for autonomous driving which is expected to be launched by the end of 2026. The vehicle is expected to have pre-installed autonomous driving components and applications, comparatively low TCO and various other features suitable for long hours of operation, and passenger-friendly designs and configurations. We will be able to deploy such vehicles at scale without incurring significant upfront investments leveraging our relationship with Geely Group, and expect to do so efficiently leveraging our operational knowhow in the ride hailing industry. We will also continuously invest in our large-scale robotaxi operation capabilities, including vehicle maintenance and repair, energy replenishment, customer service, emergency response, and other functions to optimize order management to enhance our competitive edge.

For details, see “Business—Our Ecosystem—Autonomous Driving Platform.”

SUMMARY

OVERVIEW OF OUR BUSINESS OPERATIONS

The following table sets forth the customers of our various service offerings.

Service Offering	Customer
Mobility Services (primarily ride hailing service for passengers and order dispatch service for drivers)	Passengers Drivers
Vehicle Leasing (for the provision of ride hailing services)	Car partners
Vehicle Sales (for the provision of ride hailing services)	Car partners Independent fleet operators Drivers

The following table sets forth the fees that we pay to various participants of our ride hailing service.

Participant	Fee Payable
Drivers	Driver earnings and incentives ⁽¹⁾
Passengers	User incentives ⁽²⁾
Car Partners	Commission fee ⁽³⁾
Aggregation Platforms	Commission fee ⁽⁴⁾

Notes:

- (1) In a dynamically adjusted amount.
- (2) In a dynamically adjusted amount. Not actually paid to passengers but reflected as a reduction in the price charged to them.
- (3) During the Track Record Period, we paid commissions to car partners at a rate between 2.5% and 2.7% of the GTV generated by our car-partner drivers.
- (4) During the Track Record Period, we paid commissions to aggregation platforms at a rate between 7.2% and 7.5% of the GTV facilitated by aggregation platforms.

The following table sets forth licenses and permits required in relation to our ride hailing service.

Operator Side	License and Permit
CaoCao	Service Capability Recognition Platform Permits, in applicable cities
Drivers	Online Ride Hailing Driver’s Licenses
Vehicles	Transportation Permits

SUMMARY

The following table sets forth our mobile apps in relation to our ride hailing service.

User	Mobile App
Passengers	CaoCao Mobility
	CaoCao Enterprise
	Limao Mobility
	Limao Enterprise
Drivers	CaoCao Drivers
	Limao Mobility Drivers

PATH TO PROFITABILITY

We have a distinctive business model, underpinned by a foundation of great service quality, a fleet of continually evolving purpose-built vehicles, and a broad array of auto solutions. Although we recorded net losses throughout the Track Record Period, we believe that our business strategy constructs a substantial value proposition for both passengers and drivers.

Our net losses incurred during the Track Record Period reflected the necessary investments made to build our shared mobility network and reach the critical mass required for our business. These investments included costs and expenses associated with user and driver acquisition and retention, marketing and branding, technology and operational enhancements, fleet expansion, and purpose-built vehicle development. All these factors contributed to our ecosystem and elevated us to the scale needed to compete with major players in the industry.

Since 2022, after achieving substantial scale in major tier-one and tier-two cities across China, we began to prioritize operating efficiency and profitability, supported by technology and brand awareness, over aggressive nationwide expansion. In 2023, our financial performance improved significantly, paving the way for our expansion into new cities with an asset-light model, under which we supply local car partners with purpose-built vehicles and do not hold and deploy purpose-built vehicles ourselves, in 2024 and beyond.

Our early investment in purpose-built vehicles has allowed us to deliver high-quality services and a differentiated user experience at scale. Coupled with the loyalty of our core users, enhanced collaboration with third-party aggregation platforms, and the recovery of the shared mobility industry from the COVID-19 pandemic, our order volume and AOV grew substantially since 2023. This growth led to a significant increase in our GTV and revenues. Specifically, our revenues increased from RMB7.6 billion in 2022 to RMB14.7 billion in 2024.

Our increase in total order volume and improvement in vehicle operating efficiency and user recognition enabled us to reduce our dependence on driver incentives and concurrently increase average driver IPH to attract and retain drivers. Adjusted driver earnings and incentives as a percentage of mobility service revenue decreased from 84.2% in 2022 to 79.1% in 2023 and 79.0% in 2024, while drivers’ average IPH increased from RMB30.9 in 2022 to RMB36.1 in 2023 and slightly decreased to RMB35.7 in 2024, a year when driver IPH

SUMMARY

generally decreased across the industry due to increased competition and our driver IPH remained higher than other major participants, according to Frost & Sullivan. In the same period, we also entered a number of new cities and driver IPH is generally lower in the initial ramp-up period of new city entries, which contributed to the slight decrease in driver IPH. Consequently, our gross profit margin improved from -4.4% in 2022 to 8.1% in 2024.

Additionally, we have been able to acquire user traffic effectively through our enhanced collaboration with aggregation platforms. Coupled with the advancements of our AI-powered CaoCao Brain for more effective distribution of user incentives, our total user acquisition costs decreased as a percentage of total GTV from 22.2% in 2022 to 18.1% in 2023, although it increased to 22.8% in 2024 as we entered 85 new cities and incurred relatively higher user acquisition costs as a percentage of total GTV in these cities to quickly capture market share and as we increased spending on user acquisitions in existing cities.

Benefited from the above, we pivoted to generating positive net operating cash flow in 2023 from a state of negative net operating cash flow in 2022. We continued to generate positive net operating cash flow in 2024.

Going forward, we plan to further improve profitability primarily through the following approaches.

Driving Sustainable and Efficient Revenue Growth

Our mobility service revenue accounted for over 90% of our total revenues during the Track Record Period. We anticipate a steady revenue growth by continually increasing our GTV. This will be primarily facilitated through increasing order volume while maintaining a stable AOV.

We expect our order volume to experience sustained growth in the foreseeable future, primarily supported by three key factors as follows.

Expansive shared mobility market size with high growth potential

The Chinese economy began to steadily recover from the impact of the COVID-19 pandemic in 2023. Market enhancement is expected post-pandemic due to rising consumer demand for mobility in lower-tier cities, growing inclination towards BEVs, and expanding business activities. Consequently, China’s mobility market is expected to increase from RMB8.1 trillion in 2024 to RMB10.3 trillion in 2028. The fastest growth is expected to be observed in the shared mobility market, with a projected increase from RMB354.7 billion in 2024 to RMB751.3 billion in 2028, owing to rising consumer demand for economical mobility options and an amplified penetration of shared mobility services in lower-tier cities.

SUMMARY

As a top shared mobility platform in China, we are well-positioned to capitalize on the upward industry trend and replicate our success. We plan to increase our penetration in existing cities and thoughtfully expand our reach in China by tapping into new city markets. This expansion will be executed efficiently and cost-effectively, allowing us to augment our total GTV whilst controlling expenditure to achieve profitability. To this end, we intend to partner with local stakeholders such as car partners to strengthen our on-the-ground capabilities for geographical expansion. We believe that our expansion strategy is feasible due to our scalable infrastructure and technology and our track record of steadily increasing gross profit performance along with expansive scale, which allows efficient replication of our business model in new cities. Strategic partnerships with local stakeholders will facilitate smooth market entry and help us navigate competitive landscapes. Furthermore, our strong brand recognition and operating efficiency will help attract users and manage costs effectively, ensuring sustainable growth. We are also well-positioned to accelerate the development of our other businesses, including vehicle sales, benefiting from strong synergies during expansion. In 2024, we have entered 85 new cities with an asset-light model under which we supply local car partners with purpose-built vehicles together with our technology and operational knowhow and work with aggregation platforms to provide ride hailing services to users.

Enhanced collaboration with multiple aggregation platforms

In recent years, aggregation platforms have gained rising significance in the shared mobility industry. The portion of ride hailing orders fulfilled through aggregation platforms increased from 7.0% in 2019 to 31.0% in 2024, and is expected to further increase to 53.9% in 2029. Unlike past trends where a single app dominated user interactions, aggregation platforms have enabled the rise of various emerging players that access users primarily through them.

Amid this industry phenomenon, we too have enhanced our collaboration with various aggregation platforms. In 2022, 2023, and 2024, orders attributable to aggregation platforms accounted for 49.9%, 73.2%, and 85.4% of our GTV and 51.4%, 74.1%, and 85.7% of our order volume, respectively. In 2024, the top three aggregation platforms that we worked with contributed 42.5%, 11.8%, and 10.4% of our GTV, respectively. By harnessing the intelligence capabilities of our proprietary, AI-powered CaoCao Brain, we are adept at strategizing the distribution of our mobility capacity across diverse aggregation platforms. This is achieved by dynamically adjusting our recommendations and incentives to optimize operations. We plan to continually capture more extensive user traffic, maintain our growth in order volumes, and optimize operations. We anticipate that orders facilitated through multiple aggregation platforms will continue to rise, allowing for more effective user traffic conversion while also retaining loyal consumers. We believe that this approach is feasible because our established relationships with these platforms provide a solid foundation for sustainable collaboration in the future. In addition, AI-powered CaoCao Brain ensures effective management of users from third-party aggregation platforms and our platform, enhancing our ability to meet demand efficiently.

SUMMARY

Brand image enhancement through our differentiated services and user experience

We consistently deliver high-quality services and differentiated user experience on a large scale, positioning as one of China’s leading ride-hailing platforms and boosting our brand recognition. This enables us to attract more users and bolster the loyalty of our core users, enhancing our order volume growth. A significant aspect of our differentiated user experience is our fleet of purpose-built vehicles. As of December 31, 2024, we operated a fleet of over 34,000 purpose-built vehicles across 31 cities in China for the use of our affiliated drivers, the largest of its kind according to Frost & Sullivan.

The following table sets forth our order volume, which refers to the number of completed orders, during the periods indicated. We expect that our order volume will continually increase in the foreseeable future as we continue to enhance user experience and brand recognition and deepen our collaboration with aggregation platforms.

	For the Year Ended December 31,		
	2022	2023	2024
Order volume (in thousands)	383,429	447,778	598,052

Additionally, we expect our AOV to remain stable in the foreseeable future. This is primarily due to increasing demand for business and leisure travel and the growing prevalence of premier mobility services, taking into account potential dilution of our AOV as we expand into lower-tier cities.

As the shared mobility industry recuperated from the impact of the COVID-19 pandemic, and with the launch of our high-AOV premier mobility service in 2022, our overall AOV grew significantly in 2023. The following table sets forth our AOV during the periods indicated.

	For the Year Ended December 31,		
	2022	2023	2024
AOV (RMB)	23.2	27.3	28.3

SUMMARY

Continually Improving Gross Profit Margin

In 2023 and 2024, we reported gross profit of RMB615.4 million and RMB1,186.0 million, respectively, which represents a meaningful turnaround from the gross loss of RMB339.0 million in 2022. Our cost of sales primarily consists of driver earnings and incentives for mobility services, depreciation charges, and auto servicing costs. We attained gross profit margins of 5.8% in 2023 and 8.1% in 2024, contrasting with gross profit margins of -4.4% in 2022.

During the Track Record Period, our gross profit margin improved notably due to the successful implementation of our strategies to optimize vehicle TCO supported by the rollout of our purpose-built vehicles and comprehensive auto solutions, as well as the reduction in driver incentives resulting from the increased number of orders that we distributed to each driver and the increased AOV, which enhanced comprehensive income for drivers and improved our platform’s driver retention rate. We increased the number of orders distributed to each driver primarily through scaling up our business to increase order density and reduce idle time for drivers. As a result, our drivers’ average IPH increased from RMB30.9 in 2022 to RMB36.1 in 2023 and slightly decreased to RMB35.7 in 2024, a year when driver IPH generally decreased across the industry due to increased competition and our driver IPH remained higher than other major participants, according to Frost & Sullivan. In the same period, we also entered a number of new cities and driver IPH is generally lower in the initial ramp-up period of new city entries, which contributed to the slight decrease in driver IPH. As to our purpose-built vehicles, according to Frost & Sullivan, the respective estimated TCO of Maple 80V and CaoCao 60, shared between us and the drivers, amounts to RMB0.53 and RMB0.47 per kilometer. This reveals a TCO reduction of 33% and 40% compared to typical BEVs, respectively. In 2022, 2023, and 2024, GTV from purpose-built vehicles accounted for 5.3%, 20.1%, and 25.1% of our total GTV, respectively. As a result of the above, we were able to reduce our dependence on driver incentives to attract and retain drivers. The adjusted driver earnings and incentives as a percentage of mobility service revenue decreased from 84.2% in 2022 to 79.1% in 2023 and 79.0% in 2024.

To successfully implement our expansion strategies, we plan to enhance our collaboration with third-party aggregation platforms to drive more traffic to our platform in a cost-effective manner. Additionally, we will leverage our CaoCao Brain to optimize user incentive allocation, order distribution, operating efficiency, and user experience. We will continually enhance our brand recognition by emphasizing high-quality mobility services, increasing market presence through collaboration with third-party aggregation platforms, and attracting more users and fostering user loyalty through targeted marketing. Furthermore, we will deepen our collaboration with car partners to enable rapid expansion into new cities.

As our business scales, we expect depreciation charges and auto servicing costs to decrease as a percentage of mobility service revenues, leading us towards further improvement in gross profit margins.

SUMMARY

Further Improve Selling and Marketing Efficiency

The following table sets forth our selling and marketing expenses in an absolute amount and as a percentage of total revenues, during the Track Record Period.

For the Year Ended December 31,						
2022			2023		2024	
RMB	%		RMB	%	RMB	%
(RMB in thousands, except percentages)						
Selling and marketing expenses	639,329	8.4	836,299	7.8	1,222,042	8.3

In 2023, our selling and marketing expenses accounted for 7.8% of our total revenues, a decrease from 8.4% in 2022. This was primarily due to lowered costs relating to promotions, advertising, and incentives for customer referrals, as we have strategically shifted our growth increasingly towards aggregation platforms since the beginning of 2023, which enables us to obtain user traffic more cost-effectively. Our selling and marketing expenses increased as a percentage of our total revenues to 8.3% in 2024, primarily because we entered 85 new cities in the period and incurred higher selling and marketing expenses at the early stages of new market entry. Our increased collaboration with aggregation platforms allows us to diversify our user acquisition methods cost-effectively, expand our customer base, and increase our total order volume. As a result, our total user acquisition costs, including user incentives, commissions charged by third-party aggregation platforms, promotions, advertising, and customer referral incentives, decreased as a percentage of total GTV from 22.2% in 2022 to 18.1% in 2023, although it increased to 22.8% in 2024 as we incurred relatively higher user acquisition costs as a percentage of total GTV when entering new markets to quickly capture market share and as we increased spending on user acquisitions in existing cities.

We will strive to lower our total user acquisition costs as a percentage of our GTV over the long term, through enhanced user satisfaction and loyalty, increased brand recognition, advancement of our AI-powered CaoCao Brain for more effective distribution of user incentives, and ongoing collaboration with aggregation platforms, although this metric is expected to remain stable in 2025 given our plan to enter new markets. In particular, we will continue to refine our user acquisition strategies by leveraging our enhanced collaboration with third-party aggregation platforms to reach potential users. Additionally, we will carefully manage user incentives to ensure that we are maximizing user acquisition and retention at the lowest possible cost. Furthermore, we expect that our continually improved brand awareness will contribute to lowering user acquisition costs, as a stronger brand presence would enhance user trust and reduce the efforts needed to attract and retain users. The feasibility of this approach is supported by our previous track record and the continued advancements in CaoCao Brain.

SUMMARY

While we strive to improve our financial performance in 2025 mainly through continually improving our brand awareness and market penetration, aiming at further improving our economics of scale, and dynamically adjusting drivers earnings and incentives as a percentage of revenue toward a profitable range (while maintaining drivers’ average IPH stable) according to market dynamics, we expect to incur a significant amount of interest expenses due to our capital structure and shared-based compensation expenses for granting share options. Therefore, we still expect to record net losses in 2025.

COMPETITIVE LANDSCAPE

We face intense competition with other ride hailing platforms in China. In 2024, the competitive landscape of ride hailing platforms is led by one player in the market with 70.4% market share in terms of GTV, followed by several major players. The top five players in the market contributed 86.0% market share in terms of GTV in 2024. For details, see “Industry Overview.” We have consistently ranked in the top three ride hailing platforms in China in the last three years in terms of GTV. On top of our scale, we are recognized for our service quality. We stand out from the competition with our integration into the ecosystem of Geely Group and our control of purpose-built vehicles.

KEY OPERATING METRICS

The following table sets forth certain key operating metrics of our business operations.

	For the Year Ended December 31,		
	2022	2023	2024
GTV (RMB in millions)	8,884	12,214	16,953
– express service of CaoCao Mobility	8,615	10,952	15,832
– premier service of CaoCao Mobility	245	1,195	1,061
– Limao Mobility	24	66	61
Average take rate ⁽¹⁾	84.1%	84.3%	80.0%
Order volume (in thousands)	383,429	447,778	598,052
AOV (RMB)	23.2	27.3	28.3
Daily order volume (in thousands)	1,050	1,227	1,634
Average monthly active users (in millions)	13.5	19.2	28.7
Average monthly active drivers (in thousands)	234	297	466
Order response rate ⁽²⁾	87.4%	88.4%	88.1%
Average monthly driver retention rate ⁽³⁾	68.9%	74.7%	70.8%

Note:

- (1) Average take rate is calculated by dividing the revenue from mobility services in a given period by our GTV in the same period. Our average take rate decreased between 2023 and 2024 as we deployed user incentives more aggressively to increase our penetration in existing cities and enter into a number of new cities, recording a 38.8% increase in GTV between the same periods.

SUMMARY

- (2) Order response rate is calculated as the percentage of user requests accepted by drivers. According to Frost & Sullivan, the industry average order response rate was approximately 70% to 80% during the Track Record Period. While our order response rate slightly decreased between 2023 and 2024, we believe the change reflects normal statistical fluctuations and the rate remains above industry average.
- (3) Our average monthly driver retention rate decreased between 2023 and 2024, primarily because we calculate monthly driver retention rate for a particular month based on the number of drivers retained in the following month and, since the Chinese New Year fell in February 2024 and January 2023, the holiday resulted in a lower-than-usual driver retention rate in January 2024 and December 2022, but no impact in 2023.

In 2022, 2023, and 2024,

- GTV from purpose-built vehicles accounted for 5.3%, 20.1%, and 25.1% of our total GTV, as we quickly ramped up our deployment of purpose-built vehicles;
- GTV attributable to aggregation platforms accounted for 49.9%, 73.2%, and 85.4% of our total GTV. We increased collaboration with aggregation platforms as it allows us to receive significant user traffic and dedicate more of our management efforts to improving service quality and brand recognition; and
- GTV from car-partner drivers accounted for 55.0%, 62.9%, and 72.3% of our total GTV. We increased our collaboration with car partners as it allows us to increase service capacity and scale up our business efficiently.

During the Track Record Period, we have supplied a portion of our affiliated drivers with purpose-built vehicles, and expect to replace all the remaining affiliated drivers’ vehicles with purpose-built vehicles. In addition, we expect to sell purpose-built vehicles to car partners to increase the vehicles’ penetration rate among car partner drivers. The following table sets forth a breakdown of our GTV from purpose-built vehicles and non-purpose-built vehicles by driver type.

For the Year Ended December 31,						
	2022		2023		2024	
(RMB in millions, except percentages)						
GTV from purpose-built vehicles:						
Affiliated drivers	403.9	4.5%	2,392.4	19.6%	3,881.6	22.9%
Car-partner drivers	65.5	0.7%	65.7	0.5%	372.7	2.2%
Subtotal	469.5	5.3%	2,458.1	20.1%	4,254.3	25.1%
GTV from non-purpose-built vehicles:						
Affiliated drivers	3,596.2	40.5%	2,134.0	17.5%	821.2	4.8%
Car-partner drivers	4,818.4	54.2%	7,621.5	62.4%	11,877.7	70.1%
Subtotal	8,414.6	94.7%	9,755.5	79.9%	12,698.8	74.9%
Total	8,884.1	100.0%	12,213.6	100.0%	16,953.1	100.0%

SUMMARY

OUR REVENUE MODEL

Our Revenue Sources

During the Track Record Period, our revenue streams consisted of (i) mobility services, (ii) vehicle leasing, (iii) vehicle sales, and (iv) other services. Predominantly, our revenues are generated from mobility services, particularly ride hailing. We provide vehicle leasing mainly to our car partners. Additionally, we engage in the sale of vehicles to these partners, independent fleet operators, and individual drivers. Our revenue from other services include advertising, intra-city delivery, and one-off services to Geely Group in connection with the 2023 Asian Games and Asian Para Games.

The following table sets forth a breakdown of our revenues both in absolute amount and as a percentage of our total revenues for the periods indicated.

For the Year Ended December 31,						
2022		2023		2024		
RMB	%	RMB	%	RMB	%	
(RMB in thousands, except percentages)						
Revenues:						
Mobility Services	7,467,295	97.9	10,300,213	96.6	13,566,590	92.6
Vehicle Leasing	101,087	1.3	150,571	1.4	187,083	1.3
Vehicle Sales	32,184	0.4	114,564	1.1	866,760	5.9
Others	30,395	0.4	102,546	0.9	37,066	0.2
Total	7,630,961	100.0	10,667,894	100.0	14,657,499	100.0

Our mobility service revenues constituted a significant portion of our total revenues accounting for 97.9%, 96.6% and 92.6% in 2022, 2023, and 2024, respectively. Under our CaoCao Mobility brand, we offer two service lines: express and premier mobility services. The express mobility service serves as our core offering, providing an affordable, convenient, and comfortable solution for the everyday transportation needs of our users. Our premier mobility service, on the other hand, offers an enhanced level of comfort and superior service quality, featuring professionally trained drivers and a variety of amenities to ensure a premium travel experience. Under the Limao Mobility brand, we extend our services to include both online ride hailing and offline taxi services, catering to a broader range of customer preferences and needs. Drivers under the Limao Mobility brand go through separate trainings specifically designed for the brand.

SUMMARY

Revenue Model for Mobility Services

We act as a principal in providing mobility services to users and generate revenue on a gross basis from the amount paid by users. Our revenues are equal to GTV less (i) tolls, fees, and taxes and (ii) user incentives.

The following table sets forth a hypothetical illustration of our revenue recognition process and the accounting for earnings and incentives for mobility services. This table is intended for illustrative purposes only to demonstrate the accounting treatment and does not reflect actual transaction values. The transaction price of RMB10.00 below is a hypothetical number and refers to the ride fare presented to users on our app or through the app of aggregation platforms.

	<u>RMB</u>
Transaction price of RMB10.00	10.00
Add: tolls, fees, and taxes	0.40
Less: user incentives	(1.20)
Passenger pays	<u>9.20</u>
 Transaction price of RMB10.00	 10.00
Add: tolls, fees, and taxes	0.40
GTV	<u>10.40</u>
Less: tolls, fees, and taxes	(0.40)
Less: user incentives	(1.20)
Mobility service revenue	<u>8.80</u>
 Cost of revenue	
Less: driver earnings and incentives for mobility services	(6.90)
Less: depreciation and car maintenance cost	(1.20)
Less: commissions paid to our car partners	(0.20)

SUMMARY OF HISTORICAL FINANCIAL INFORMATION

The following tables set forth summary financial data from our consolidated financial information for the Track Record Period, extracted from the Accountant’s Report set out in Appendix I to this document. The summary consolidated financial data set forth below should be read together with, and is qualified in its entirety by reference to, the consolidated financial information in this document, including the related notes. Our consolidated financial information was prepared in accordance with IFRS.

SUMMARY

Summary of Our Consolidated Statements of Profit or Loss

The following table sets forth a summary of our consolidated statements of profit or loss in absolute amount and as a percentage of our revenues for the periods indicated.

	For the Year Ended December 31,					
	2022		2023		2024	
	RMB	%	RMB	%	RMB	%
	(RMB in thousands, except percentages)					
Revenue	7,630,961	100.0	10,667,894	100.0	14,657,499	100.0
Cost of sales	(7,969,949)	(104.4)	(10,052,491)	(94.2)	(13,471,519)	(91.9)
Gross (loss)/profit	(338,988)	(4.4)	615,403	5.8	1,185,980	8.1
Selling and marketing expenses	(639,329)	(8.4)	(836,299)	(7.8)	(1,222,042)	(8.3)
General and administrative expenses	(743,841)	(9.7)	(1,204,092)	(11.3)	(762,019)	(5.2)
Research and development expenses	(225,224)	(3.0)	(339,473)	(3.2)	(234,462)	(1.6)
Other income	39,122	0.4	139,870	1.2	192,314	1.3
Other gains, net	45,291	0.6	52,104	0.5	47,419	0.3
Net impairment losses on financial assets	(3,059)	(0.0)	(2,910)	(0.0)	(7,694)	(0.1)
Operating loss	(1,866,028)	(24.5)	(1,575,397)	(14.8)	(800,504)	(5.5)
Finance income	9,193	0.1	17,097	0.1	10,822	0.1
Finance costs	(259,325)	(3.4)	(312,636)	(2.9)	(327,967)	(2.2)
Finance costs, net	(250,132)	(3.3)	(295,539)	(2.8)	(317,145)	(2.1)
Changes in the carrying amount of financial liabilities at fair value through profit or loss	(14,144)	(0.2)	(69,060)	(0.6)	(88,693)	(0.6)
Loss before income tax	(2,130,304)	(28.0)	(1,939,996)	(18.2)	(1,206,342)	(8.2)
Income tax credit/(expenses)	123,204	1.7	(41,062)	(0.4)	(40,047)	(0.3)
Loss for the year	(2,007,100)	(26.3)	(1,981,058)	(18.6)	(1,246,389)	(8.5)
Loss for the year attributable to:						
Owners of the Company	(1,972,065)	(25.8)	(1,916,483)	(18.0)	(1,250,769)	(8.5)
Non-controlling interests	(35,035)	(0.5)	(64,575)	(0.6)	4,380	0.0

SUMMARY

Non-IFRS Measures

To supplement our consolidated financial statements, which are presented in accordance with IFRS, we also use adjusted loss (non-IFRS measure) and adjusted EBITDA (non-IFRS measure) as additional financial measures, which are not required by, or presented in accordance with, IFRS. We believe that adjusted loss (non-IFRS measure) and adjusted EBITDA (non-IFRS measure) facilitate comparisons of operating performance from period to period and company to company.

We believe that adjusted loss (non-IFRS measure) and adjusted EBITDA (non-IFRS measure) provide useful information to [REDACTED] and others in understanding and evaluating our consolidated results of operations in the same manner as they help our management. However, our presentation of adjusted loss (non-IFRS measure) and adjusted EBITDA (non-IFRS measure) may not be comparable to similarly titled measures presented by other companies. The use of adjusted loss (non-IFRS measure) and adjusted EBITDA (non-IFRS measure) has limitations as an analytical tool, and you should not consider it in isolation from, or as a substitute for an analysis of, our results of operations or financial condition as reported under IFRS.

We define adjusted loss (non-IFRS measure) as loss for the year/period excluding share-based compensation expenses, [REDACTED] expenses, and changes in the carrying amount of financial liabilities at fair value through profit or loss. We define adjusted EBITDA (non-IFRS measure) as loss for the year/period adding back finance costs, net, income tax expenses, depreciation charges of property, plant and equipment, depreciation charges of right-of-use assets, and amortization of intangible assets, and subtracting income tax credit, which is EBITDA (non-IFRS measure), excluding share-based compensation expenses, [REDACTED] expenses, and changes in the carrying amount of financial liabilities at fair value through profit or loss. Share-based compensation expenses are non-cash in nature arising from the grant of share options under our Pre-[REDACTED] Share Incentive Plan. [REDACTED] expenses represents expenses related to the [REDACTED]. Changes in the carrying amount of financial liabilities at fair value through profit or loss are non-cash in nature arising from the financial instruments issued to investors of Series B Preferred Shares. The Series B Preferred Shares will be automatically converted into Ordinary Shares upon completion of the [REDACTED], and we do not expect to further record this item after the [REDACTED].

SUMMARY

The following tables reconcile (in absolute amounts and as percentages of total revenues for the year indicated) our adjusted loss (non-IFRS measure) and adjusted EBITDA (non-IFRS measure) for the year presented in accordance with IFRS, which is loss for the year.

	For the Year Ended December 31,		
	2022	2023	2024
	(RMB in thousands, except percentages)		
Loss for the year	(2,007,100)	(1,981,058)	(1,246,389)
Net loss margin (%)	(26.3)	(18.6)	(8.5)
Add:			
[REDACTED] expenses	5,843	25,000	32,283
Share-based compensation expenses	335,782	920,537	401,416
Changes in the carrying amount of financial liabilities at fair value through profit or loss	14,144	69,060	88,693
Adjusted loss for the year (non-IFRS measure)	(1,651,331)	(966,461)	(723,997)
Adjusted loss margin (non-IFRS measure) (%)	(21.6)	(9.1)	(4.9)
Loss for the year	(2,007,100)	(1,981,058)	(1,246,389)
Net loss margin (%)	(26.3)	(18.6)	(8.5)
Add:			
Finance costs, net	250,132	295,539	317,145
Income tax (credit)/expenses	(123,204)	41,062	40,047
Depreciation charges of property, plant and equipment	657,577	664,322	685,561
Depreciation charges of right-of-use assets	92,798	75,490	61,668
Amortization of intangible asset	994	1,388	2,140
EBITDA (non-IFRS measure)	(1,128,803)	(903,257)	(139,828)
EBITDA margin (non-IFRS measure) (%)	(14.8)	(8.5)	(1.0)
Add:			
[REDACTED] expenses	5,843	25,000	32,283
Share-based compensation expenses	335,782	920,537	401,416
Changes in the carrying amount of financial liabilities at fair value through profit or loss	14,144	69,060	88,693
Adjusted EBITDA (non-IFRS measure)	(773,034)	111,340	382,564
Adjusted EBITDA margin (non-IFRS measure) (%)	(10.1)	1.0	2.6

SUMMARY

During the Track Record Period, our loss for the year remained relatively stable at RMB2.0 billion in 2022 and 2023, and decreased to RMB1.2 billion in 2024. The changes were primarily because we recorded gross loss of RMB339.0 million in 2022 and gross profit of RMB615.4 million and RMB1,186.0 million in 2023 and 2024, respectively, which, in turn, was due to successful implementation of our strategies to optimize vehicle TCO supported by the rollout of our purpose-built vehicles and comprehensive auto solutions, as well as the reduction in driver incentives resulting from the increased number of orders that we distributed to each driver and the increased AOV, which enhanced comprehensive income for drivers and improved our platform’s driver retention rate. Please also refer to “—Path to Profitability” for a discussion of our financial performance during the Track Record Period and our efforts to turn around our loss-making position.

During the Track Record Period, we derived our revenues primarily from mobility services in the form of ride hailing. Mobility service revenue accounted for 97.9%, 96.6%, and 92.6% of our total revenues in 2022, 2023, and 2024, respectively. Our mobility service revenue grew significantly from 2022 to 2024 as we rapidly grew our business amid the rapid recovery of shared mobility in a post-pandemic era, gained more user traffic from third-party aggregation platforms, and enhanced user satisfaction and loyalty backed by our strong brand recognition among users with a growing fleet of purpose-built vehicles. We expect our mobility service revenue to continue to grow and be a material contributor to our total revenue in the foreseeable future as the shared mobility industry continues to expand and as we implement our growth strategy.

Summary of Our Consolidated Balance Sheets

The following table sets forth a summary of our consolidated balance sheets.

	As of December 31,		
	2022	2023	2024
	(RMB in thousands)		
Total non-current assets	3,169,976	3,189,530	2,542,534
Total current assets	1,497,083	1,883,354	1,535,118
Total assets	4,667,059	5,072,884	4,077,652
Total non-current liabilities	4,062,941	4,317,879	1,601,730
Total current liabilities	5,902,168	7,128,599	9,681,501
Total liabilities	9,965,109	11,446,478	11,283,231
Total deficit	(5,298,050)	(6,373,594)	(7,205,579)
Non-controlling interests	(170,338)	(249,937)	(235,545)
Net current liabilities	4,405,085	5,245,245	8,146,383

SUMMARY

During the Track Record Period, our net current liabilities increased from RMB4.4 billion as of December 31, 2022 to RMB5.2 billion as of December 31, 2023, mainly due to an increase in borrowings, partially offset by a decrease in trade and notes payables, an increase in cash and cash equivalents and inventories. Our net current liabilities further increased from RMB5.2 billion as of December 31, 2023 to RMB8.1 billion as of December 31, 2024, mainly due to an increase in financial liabilities at fair value through profit or loss and borrowings. See “Financial Information—Our Financial Position—Current Assets and Liabilities” for details.

Our total deficit increased from RMB5.3 billion as of December 31, 2022 to RMB6.4 billion as of December 31, 2023, mainly due to our loss for the year of RMB2.0 billion, partially offset by share-based compensation expenses of RMB920.5 million. Our total deficit further increased from RMB6.4 billion as of December 31, 2023 to RMB7.2 billion as of December 31, 2024, mainly due to our loss for the year of RMB1.2 billion, partially offset by share-based compensation expenses of RMB401.4 million.

We historically financed our business expansion and the growing fleet of purpose-built vehicles primarily through debt instruments and capital contribution from shareholders. During the Track Record Period, our debt mainly consist of ABSs and ABNs, bank borrowings, factor borrowings, and loans from related parties. We strategically and diligently monitor our debt structure to achieve a balance of short-term liquidity and long-term solvency by leveraging different sources of debt with different tenors. We choose from various sources of debt financing based on availability, interest rates, and other terms. During the Track Record Period, ABSs and ABNs were the largest component of our debt. As a result, as of December 31, 2022, 2023 and 2024, our total borrowing amounted to RMB5.6 billion, RMB7.5 billion, and RMB7.2 billion, respectively.

Our Preferred Shares will be automatically converted into Ordinary Shares upon the closing of the [REDACTED], and will therefore be automatically re-designated from financial liabilities to equity on our consolidated statements of financial position. After the re-designation, we do not expect to attain net assets position, mainly due to our significant total debt. We expect to have sufficient working capital to meet our present requirements, taking into account the credit facilities available, the ABS shelf-offerings approved by the China Insurance Asset Registration and Trading System, and the estimated net [REDACTED] that we expect to receive from this [REDACTED]. Going forward, we expect our liquidity to improve as a result of (i) our improved cashflow from operations as a result of organic revenue growth driven by service quality, continually improving gross profit margin, and further enhanced operating leverage, all of which are rooted in our unique business model built upon purpose-built vehicles and our business strategy to prioritize operating efficiency and achieving profitability over further aggressive nationwide expansion driven by passenger and driver incentives; and (ii) more debt and equity financing resources, including ABSs and ABNs available to us as a result of our business and fleet expansion.

Our unique business model, built upon a fleet of continually growing purpose-built vehicles, requires a heavy and front-loaded capital investment in vehicles, which is non-current assets in nature. As discussed in “Financial Information—Summary of Our Debt,” we primarily

SUMMARY

finance the purchase of vehicles and our operations through various sources of debt financing. As a result, we recorded a relatively large amount of short-term borrowings and current portion of long-term borrowing during the Track Record Period, which resulted in our net current liability positions. To improve our net current liabilities position as of December 31, 2024, we plan to continually enhance our cash flow from operations by working towards profitability, which is expected to increase our cash and cash equivalents. See “—Path to Profitability” for details. We generated net cash inflow from operations in 2023 and 2024 and expect to do so in the foreseeable future. In addition, we expect that our capital investment in purpose-built vehicles will moderate in the near future compared to the Track Record Period, during which we launched and rapidly expanded our fleet. This moderation is expected to contribute to the improvement of our net current liabilities position in conjunction with the expected cash inflow from operation as discussed above. Furthermore, we plan to continually optimize our debt structure. For example, we plan to partially repay the principal and interest of certain bank borrowings with net [REDACTED] from the [REDACTED].

Summary of Our Consolidated Statements of Cash Flows

The following table sets forth a summary of our consolidated statements of cash flows for the periods indicated.

	For the Year Ended December 31,		
	2022	2023	2024
	(RMB in thousands)		
Net cash (used in)/generated from operating activities	(1,127,215)	136,372	235,901
Net cash (used in)/generated from investing activities	(431,011)	(1,498,540)	22,576
Net cash generated from/(used in) financing activities	1,520,472	1,565,167	(681,975)
Net (decrease)/increase in cash and cash equivalents	(37,754)	202,999	(423,498)
Cash and cash equivalents at beginning of the year	417,741	379,995	582,995
Effects of exchange rate changes on cash and cash equivalents	8	1	—
Cash and cash equivalents at end of the year	379,995	582,995	159,497

During the Track Record Period and up to the Latest Practicable Date, we funded our cash requirements principally from capital contribution from shareholders, financing through private placements, ABS and ABN arrangements, and bank and other borrowings. We monitor and maintain a level of cash and cash equivalents deemed adequate to finance our operations

SUMMARY

and mitigate the effects of fluctuations in cash flows. Our cash and cash equivalents represent cash and bank balances. We had cash and cash equivalents of RMB380.0 million, RMB583.0 million, and RMB159.5 million as of December 31, 2022, 2023 and 2024, respectively. Our net cash generated from operating activities was RMB136.4 million and RMB235.9 million in 2023 and 2024, respectively, as compared to our net cash used in operating activities of RMB1.1 billion in 2022, primarily due to the improvement of profitability. Specifically, our net cash used in operating activities was RMB1.1 billion in 2022, primarily attributable to our losses of RMB2.0 billion, as adjusted by adding back non-cash and non-operating expenses and cash absorbed by working capital. See “Financial Information—Liquidity and Capital Resources—Cash Flows—Net Cash (Used in)/Generated from Operating Activities” for details.

Going forward, we believe that our liquidity requirements will be satisfied by using a combination of cash generated from operating activities, the net [REDACTED] received from the [REDACTED], our future issuance of ABSs and ABNs, and our future bank borrowings. We currently do not have any other plans for material additional external financing.

KEY FINANCIAL RATIOS

	For the Year Ended December 31,		
	2022	2023	2024
Revenue growth rate	6.7%	39.8%	37.4%
Gross (loss)/profit margin ⁽¹⁾	-4.4%	5.8%	8.1%
Net loss margin ⁽²⁾	-26.3%	-18.6%	-8.5%
Adjusted loss margin (non-IFRS measure) ⁽³⁾	-21.6%	-9.1%	-4.9%
Adjusted EBITDA margin (non-IFRS measure) ⁽⁴⁾	-10.1%	1.0%	2.6%
Debt ratio ⁽⁵⁾	119.5%	148.4%	177.0%

Notes:

- (1) Gross (loss)/profit margin represents the gross (loss)/profit for the year as percentages of the revenue for such year.
- (2) Net loss margin represents the loss for the year as percentages of the revenue for such year.
- (3) Adjusted loss margin (non-IFRS measure) represents the adjusted loss (non-IFRS measure) for the year/period as percentages of the revenue for such year. For details of the adjusted loss (non-IFRS measure), see “—Non-IFRS Measures.”
- (4) Adjusted EBITDA margin (non-IFRS measure) represents the adjusted EBITDA (non-IFRS measure) for the year/period as percentages of the revenue for such year. For details of the adjusted EBITDA (non-IFRS measure), see “—Non-IFRS Measures.”
- (5) Represents total debts divided by total assets as of the end of the year. Total debts represent the sum of the current and non-current borrowings as of the end of the year.

SUMMARY

RISK FACTORS

There are certain risks involved in our business and industries, our corporate structure, our business operations in China, [REDACTED] in our Shares, the [REDACTED] and the [REDACTED], many of which are beyond our control. For example, these risks include, among others, the following risks related to our business:

- Any decline in the number of drivers or passengers using our platform would reduce the value of our network and would harm our future results of operations.
- We had substantial indebtedness and net current liabilities, total deficit, and negative operating cash flows during the Track Record Period. We cannot assure you that we will not experience substantial indebtedness and net current liabilities, total deficit and negative operating cash flows in the future, which may expose us to liquidity risk.
- If we are unable to effectively deploy purpose-built vehicles and upgrade our auto solutions, we may be less able to attract and retain passengers and drivers.
- The shared mobility industry is highly competitive, and we may be unable to compete effectively.
- We are making investments in connection with our vehicles, including the development of our purpose-built vehicles and related vehicle intelligence technologies and the purchase of such vehicles for our own use, and we expect to continue such investments in the future. These investments are inherently risky, and we may not realize the expected benefits from them.
- If we or drivers or vehicles on our platform fail to obtain and maintain the required licenses or permits, our business, financial condition, and results of operations may be materially and adversely impacted.
- We rely on third-party aggregation platforms for a significant number of orders. If the market of aggregation platforms becomes more concentrated, we may have to accept unfavorable terms due to limited bargaining power.
- If our collaboration with Geely Group is terminated or otherwise becomes limited, restricted, curtailed, less effective, or more expensive in any way, our business, financial condition, and results of operations may be adversely affected.
- If we fail to ensure the safety of passengers and drivers, our business, financial condition, and results of operations could be materially and adversely affected.
- Our business is subject to a variety of laws, regulations, rules, policies, and other obligations regarding privacy, data protection, and cybersecurity. Any losses, unauthorized access, or releases of confidential information or personal information could subject us to significant reputational, financial, legal, and operational consequences.

SUMMARY

- Maintaining and enhancing our brand and reputation is critical to our business prospects. Failure to maintain our brand and reputation will cause our business to suffer.

LEGAL PROCEEDINGS AND COMPLIANCE

During the Track Record Period, we had certain non-compliance incidents with respect to Transportation Permits and Online Ride Hailing Driver’s License. For details, see “Business—Legal Proceedings and Compliance—Compliance Matters—Transportation Permits and Online Ride Hailing Driver’s Licenses.” During the Track Record Period and up to the Latest Practicable Date, we did not commit any non-compliance of laws and regulations which individually or in the aggregate, in the opinion of our Directors, would have a material and adverse effect on our business, financial condition, or results of operations. As advised by our PRC Legal Advisor, during the Track Record Period and up to the Latest Practicable Date, except as disclosed in “Business—Legal Proceedings and Compliance—Compliance Matters—Transportation Permits and Online Ride Hailing Driver’s Licenses,” we have complied with the relevant laws and regulations in all material respects.

[REDACTED]

SUMMARY

[REDACTED] EXPENSE

Based on the mid-point [REDACTED] of [REDACTED], the total estimated [REDACTED] expenses in relation to the [REDACTED] is approximately [REDACTED], representing approximately [REDACTED]% of the gross [REDACTED] from the [REDACTED] (assuming no new Shares are issued under the [REDACTED] or the Pre-[REDACTED] Share Incentive Plan and each Preferred Share is converted into an Ordinary Share of the Company on a 1:1 basis immediately prior to the [REDACTED]). Such estimated total [REDACTED] expenses include (i) [REDACTED] related expenses (including, but not limited to, commissions and fees) of approximately [REDACTED]; (ii) fees and expenses of our legal advisors and reporting accountant of approximately [REDACTED]; and (iii) other fees and expenses of approximately [REDACTED].

Up to December 31, 2024, we incurred [REDACTED] expenses of [REDACTED], of which (i) [REDACTED] was charged to our consolidated statements of profit or loss during the Track Record Period and (ii) [REDACTED] was recognized as [REDACTED] expenses directly attributable to the issue of shares to be deducted from equity upon the [REDACTED].

We expect to incur additional [REDACTED] expenses of approximately [REDACTED], of which approximately [REDACTED] is expected to be charged to our consolidated statements of profit or loss and approximately [REDACTED] will be deducted from equity.

USE OF [REDACTED]

We estimate that we will receive net [REDACTED] from the [REDACTED] of approximately [REDACTED] based on an [REDACTED] of [REDACTED] per [REDACTED] (being the mid-point of the indicative [REDACTED] range) and assuming no exercise of the [REDACTED], or [REDACTED] if the [REDACTED] is exercised in full, after deducting [REDACTED] and fees and other estimated [REDACTED] expenses paid and payable by us in relation to the [REDACTED].

In line with our strategies, we plan to use the net [REDACTED] from the [REDACTED] for the purposes and in the amounts set forth below:

- approximately [REDACTED] of the net [REDACTED], or approximately [REDACTED], will be used in the next three years to improve our auto solutions and improve our service quality;
- approximately [REDACTED] of the net [REDACTED], or approximately [REDACTED], will be used in the next three years to enhance and launch purpose-built vehicles;

SUMMARY

- approximately [REDACTED] of the net [REDACTED], or approximately [REDACTED], will be used in the next three years to enhance our technology and to invest in autonomous driving;
- approximately [REDACTED] of the net [REDACTED], or approximately [REDACTED], will be used in the next three years to expand our geographical coverage;
- approximately [REDACTED] of the net [REDACTED], or approximately [REDACTED], will be used for partial repayment of the principals and interests of certain bank borrowings; and
- approximately [REDACTED] of the net [REDACTED], or approximately [REDACTED], is expected to be used for working capital and other general corporate purposes.

See “Future Plans and Use of [REDACTED]” for further details.

OUR CONTROLLING SHAREHOLDERS

Immediately after the completion of the [REDACTED], Mr. Li, our founder, will (i) indirectly hold [REDACTED] Shares through Ugo Investment Limited, and (ii) control the exercise of the voting rights of [REDACTED] Shares held by Oceanpine Marvel pursuant to the Voting Rights Entrustment Agreement entered into between Ugo Investment Limited and Oceanpine Marvel. Assuming the [REDACTED] is not exercised and no Shares are issued under the Pre-[REDACTED] Share Incentive Plan, immediately after the completion of the [REDACTED], Mr. Li, through Ugo Investment Limited, will indirectly hold approximately [REDACTED] of our issued Shares and will, in aggregate, control approximately [REDACTED] of our voting rights. Accordingly, Mr. Li and Ugo Investment Limited will be our Controlling Shareholders of the Company after [REDACTED].

OUR BUSINESS RELATIONSHIP WITH THE CONTROLLING SHAREHOLDERS

Our Controlling Shareholder, Mr. Li, is the founder and chairman of Geely Automobile, a company listed on the Stock Exchange (stock code: 175 (HKD counter) and 80175 (RMB counter)). Mr. Li controls Geely Holding and Zhejiang Jidi. Geely Group is one of the largest automotive groups in the world and has established a BEV ecosystem spanning from the research and development, manufacturing and sale of BEVs to the operation of a network of battery swap stations and leasing of batteries for BEVs. We are a leading online ride hailing platform in China, originally incubated by Geely Group. We have established long term business relationship with Geely Group, which is complimentary, mutually beneficial and non-exclusive. During the Track Record Period, we purchased vehicles, including purpose-built vehicles, from sellers of vehicles in the BEV ecosystem of Geely Group. In order to reduce the initial purchase costs, we entered into battery sale and lease transactions with members of the Geely Group which primarily engage in the business of battery service. We also purchased vehicle parts and vehicle insurance from members of Geely Group and sold used

SUMMARY

vehicles to members of Geely Group. We provided online ride hailing service and customer referral service to members of Geely Group, while members of Geely Group provided travel agency service, vehicle insurance management service and technology service to us. The foregoing transactions were entered into in the ordinary course of business on normal commercial terms. It is expected that such transactions will continue after the [REDACTED] and, thus, constitute our continuing connected transactions. See the sections headed “Connected Transactions” and “Relationship with Our Controlling Shareholders” for further details, including the proposed annual caps for each of the continuing connected transactions.

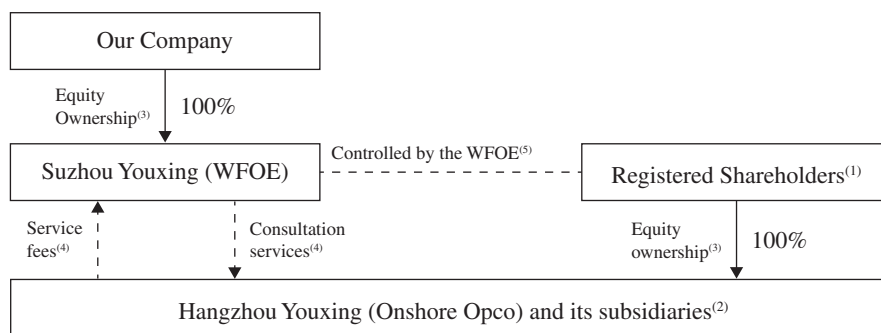
PRE-[REDACTED] INVESTORS

We received multiple series of equity financing from our Pre-[REDACTED] Investors to support our expanding business operations. See “History, Reorganization and Corporate Structure—Pre-[REDACTED] Investments” for details.

CONTRACTUAL ARRANGEMENTS

Due to foreign investment restrictions under PRC laws and for the purpose of complying with privacy and data security regulations under the PRC laws, our Company is restricted from holding or owning any direct equity interest in our Consolidated Affiliated Entities conducting our businesses. Rather, we control these entities through Contractual Arrangements, through which we are able to derive substantially all economic benefits enjoyed by the Registered Shareholders from our Consolidated Affiliated Entities. See “Contractual Arrangements” for details.

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



Notes:

- (1) Hangzhou Youxing is owned by Zhejiang Jidi, Geely Holding, Xiangcheng Xiangxing VC, Oceanpine Marvel, ABC Investment (Suzhou), Paradise Silicon-valley Tiansheng, Longqi Xinglu, Dongwu Innovation and Tongxiang Wuzhen Fund I (the “Registered Shareholders”) as to approximately 69.9%, 13.9%, 7.4%, 4.3%, 1.6%, 1.3%, 0.7%, 0.5% and 0.3%, respectively. “History, Reorganization and Corporate Structure—Pre-[REDACTED] Investments—Information on the Pre-[REDACTED] Investors” for background of the Pre-[REDACTED] Investors.

SUMMARY

- (2) These constitute our Consolidated Affiliated Entities.
- (3) “——▶” denotes direct legal and beneficial ownership in the equity interests. WFOE is an indirect wholly owned subsidiary of our Company.
- (4) “-----▶” denotes contractual relationship.
- (5) “----” denotes the control exercised by the WFOE over the Registered Shareholders and Hangzhou Youxing through (i) powers of attorney to exercise all shareholders’ rights in Hangzhou Youxing, (ii) exclusive options to acquire all or part of the equity interests in Hangzhou Youxing, and (iii) equity pledges over the equity interests in Hangzhou Youxing.

Development in the PRC Legislation on Foreign Investment

On March 15, 2019, the National People’s Congress approved the Foreign Investment Law, which took effect on January 1, 2020. On December 26, 2019, the State Council promulgated the Implementation Rules to the Foreign Investment Law, which took effect on January 1, 2020. The Foreign Investment Law replaced the Law on Sino-Foreign Equity Joint Ventures, the Law on Sino-Foreign Cooperative Joint Ventures and the Law on Wholly Foreign-Owned Enterprises to become the legal foundation for foreign investment in the PRC. The Foreign Investment Law stipulates certain forms of foreign investment, but does not explicitly stipulate contractual arrangements as a form of foreign investment. The Implementation Rules to the Foreign Investment Law are also silent on whether foreign investment includes contractual arrangements.

Therefore, without any other promulgated national laws, administrative regulations, administrative rules or regulatory requirements prohibiting or restricting the operation of or affecting the legality of contractual arrangements, the Foreign Investment Law will not have a material adverse impact on the Contractual Arrangements, and each of the agreements under the Contractual Arrangements and the legality and validity of the Contractual Arrangements would not be affected.

For the risks relating to the Contractual Arrangements, see “Risk Factors—Risks Relating to Our Corporate Structure” for further details.

SATISFACTION OF MARKET CAPITALISATION/REVENUE TEST UNDER RULE 8.05(3) OF THE LISTING RULES

We have applied to the [REDACTED] for the [REDACTED] of, and permission to deal in, the Shares in issue (including the Preferred Shares to be converted into our Shares) and to be issued pursuant to the [REDACTED] (including any Shares which may be issued pursuant to the exercise of the [REDACTED]) and our Pre-[REDACTED] Share Incentive Plan, on the basis that we satisfy the market capitalization/revenue test under Rule 8.05(3) of the Listing Rules with reference to (i) our expected market capitalization at the time of [REDACTED], which, based on the low end of the indicative [REDACTED], exceeds [REDACTED], and (ii) our revenue for the year ended December 31, 2024 being RMB14.7 billion (equivalent to approximately HK\$15.8 billion), which is over HK\$500.0 million.

SUMMARY

[REDACTED]

This document is published in connection with the [REDACTED] as part of the [REDACTED]. The [REDACTED] comprises:

- (a) the [REDACTED] of initially [REDACTED] (subject to [REDACTED]) in Hong Kong as described in “Structure of the [REDACTED]—The [REDACTED]”; and
- (b) the [REDACTED] of initially [REDACTED] Shares (subject to [REDACTED] and the [REDACTED]) (i) in the United States to QIBs in reliance on Rule 144A or another available exemption, and (ii) outside the United States (including to professional and institutional [REDACTED] within Hong Kong) in offshore transactions in reliance on Regulation S, as described in “Structure of the [REDACTED]—The [REDACTED].”

The [REDACTED] Shares will represent approximately [REDACTED] of the total Shares in issue immediately following the completion of the [REDACTED], assuming the [REDACTED] is not exercised and no Shares are issued under the Pre-[REDACTED] Share Incentive Plan.

FUTURE DIVIDENDS

During the Track Record Period, we did not declare or distribute any dividend. According to our Articles of Association and applicable laws and regulations, the decision on whether to pay dividends will be made at the discretion of our Directors and will depend upon, among others, the financial results, cash flow, business conditions and strategies, future operations and earnings, capital requirements and expenditure plans, any restrictions on payment of dividends, and other factors that our Directors may consider relevant. We do not have a pre-determined dividend payout ratio. As advised by our legal advisor on Cayman Islands law, Appleby, under the Cayman Companies Act, a position of accumulated losses does not necessarily restrict us to declare and pay dividends to our shareholders as dividends may be declared and paid out of our share premium account notwithstanding our profitability unless, immediately following the date on which the distribution or dividend is proposed to be paid, we will be unable to pay our debts as they fall due in the ordinary course of business.

We are a holding company incorporated under the laws of the Cayman Islands. As a result, the payment and amount of any future dividends will also depend on the availability of dividends received from our subsidiaries. PRC laws require that dividends shall be paid only out of the profit for the year determined according to PRC accounting principles. PRC laws also require foreign-invested enterprises to set aside at least 10% of its after-tax profits, if any, to fund its statutory reserves, until the agreed amount of such funds reaches 50% of their registered capital, which are not available for distribution as cash dividends. Dividend distribution to our shareholders is recognized as a liability in the period in which the dividends are approved by our shareholders or Directors, where appropriate.

SUMMARY

NO MATERIAL ADVERSE CHANGE

After performing sufficient due diligence work which our Directors consider appropriate and after due and careful consideration, the Directors confirm that, up to the date of this document, there have been no material adverse changes in our financial, operational, or trading position or prospects since December 31, 2024, being the date of the latest reporting period of our consolidated financial statements as set out in the Accountant’s Report in Appendix I to this document, and there is no event since December 31, 2024 that would materially affect the information as set out in the Accountant’s Report included in Appendix I to this document.