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BACKGROUND

Hangzhou Youxing, together with its branches and subsidiaries, is principally engaged in the operation of online ride hailing service (the “**Relevant Business**”). Our Company is restricted from holding equity interest in Hangzhou Youxing. Instead, our Company controls Hangzhou Youxing, and is able to derive substantially all of its economic benefits, through a series of Contractual Arrangements, which were entered into among the WFOE, Hangzhou Youxing and its Registered Shareholders. Hangzhou Youxing together with Limao Mobility provide online ride hailing services through their mobility platforms built based on internet technology and vehicles and drivers on their platforms. According to the Interim Measures for the Management of Online Ride Hailing Operation and Service (《網絡預約出租汽車經營服務管理暫行辦法》), online ride hailing platform companies must meet the requirements of online service capability and offline service capability to carry out online ride hailing business.

Online service capability refers to the nationwide valid certification issued by the relevant regulatory authorities in the place where the online ride hailing platform company is registered. According to the Certifications of Online Service Capability for Online Ride Hailing Business (《申請從事網約車經營具備線上服務能力的認定結果》) issued by the Zhejiang Department of Transportation (浙江省交通運輸廳) on February 22, 2017, and August 24, 2021, respectively (each a “**Certification of Online Service Capability**”), Hangzhou Youxing and Limao Mobility have the online service capability as online ride hailing platform companies, with their service area covering the entire PRC.

Offline service capability mainly requires that (i) online ride hailing platform company must obtain the Platform Permit; (ii) vehicle owner or the online ride hailing platform which provides vehicles for online ride hailing services must obtain the Transportation Permits; and (iii) drivers who provide online ride hailing services must obtain the Online Ride Hailing Driver’s License.

Hangzhou Youxing has set up branches and subsidiaries in various cities across the PRC, and these branches and subsidiaries used its Certification of Online Service Capability obtained by Hangzhou Youxing to apply to the relevant transportation authorities for local Platform Permits. As of the Latest Practicable Date, all such local Platform Permits are held by Hangzhou Youxing and its branches other than (i) Chengdu, Guiyang, Fuzhou and Ningbo, where the local Platform Permits are held by the Vehicle Subsidiaries, (ii) Huizhou and Quanzhou, where the local Platform Permits are held by subsidiaries of Hangzhou Youxing, and (iii) Wuzhou and Pingtan, where the local Platform Permits are held by branch of Suzhou Geely Youxing Electronic Technology Co., Ltd. (蘇州市吉利優行電子科技有限公司) (“**Suzhou Geely Youxing**”) and Fuzhou Youxing Network Technology Co., Ltd. (福州優行網絡科技有限公司), respectively, in accordance with regulatory requirements by the local transport administration authorities. In addition, as of the Latest Practicable Date, Limao Mobility also holds a local Platform Permit for Hangzhou and has subsidiaries and branches in several other cities in the PRC to hold local Platform Permits based on its Certification of Online Service Capability for ride-hailing services provided under the Limao Mobility brand.

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Our Group distinguishes itself from other online ride hailing platform companies for having its own fleet of vehicles. Our Group has its own fleet of vehicles since its establishment in 2015 and these vehicles are integral to our Group’s online ride hailing business under its business model, which allows our Group to provide standardized and better experience to users and manage drivers efficiently. Under this arrangement, our Group’s local legal entities that own and provide vehicles for online ride hailing service are required to apply to the relevant transportation authorities for the Transportation Permits for its vehicles for each city. As of the Latest Practicable Date, Hangzhou Youxing and Limao Mobility had established 68 Vehicle Subsidiaries located in 33 cities to hold vehicles.

Our Group is not involved in any on-ground mobile surveying (地面移動測量) business and relies on qualified internet map services providers for map and navigation functions in accordance with PRC laws and regulations. The PRC Legal Advisor is therefore of the view that the Group is not required to obtain any qualification for on-ground mobile surveying business.

APPLICABLE LAWS AND REGULATIONS ON FOREIGN INVESTMENT

Pursuant to applicable PRC laws and regulations, foreign investors are restricted or prohibited from holding equity interest in entities conducting certain restricted and prohibited businesses.

In accordance with the Special Administrative Measures (Negative List) for the Access of Foreign Investment (2024) (外商投資准入特別管理措施(負面清單) (2024)) (the “**Negative List**”), provision of value-added telecommunications services falls within the ‘restricted’ category, and foreign investors are generally not allowed to own more than 50% of the equity interest in a value-added telecommunication service provider except for those engaged in e-commerce businesses, domestic multi-party communications services businesses, store-and-forward businesses and call center businesses, which may be 100% owned by foreign investors.

Article 10 of the Regulations for the Administration of Foreign-Invested Telecommunications Enterprises (2016 Revision) (外商投資電信企業管理規定(2016修訂)) (the “**FITE Regulations**”) further provided that a major foreign investor of a value-added telecommunication service provider that operates certain value-added telecommunications services in China must possess prior experience in, and a proven track record of good performance of, operating value-added telecommunication businesses and satisfy other qualification requirements as given in the FITE Regulations (the “**Qualification Requirements**”).

On March 29, 2022, the State Council issued the Decision to Amend and Abolish Certain Administrative Regulations (《國務院關於修改和廢止部分行政法規的決定》), which made amendments to the FITE Regulations. Pursuant to the amended FITE Regulations which took effect on May 1, 2022, the Qualification Requirements for major foreign investors to possess prior experience in, and a proven track record of good performance of, operating value-added telecommunication business set out in the FITE Regulations were removed.

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HANGZHOU YOUXING AND LIMAO MOBILITY

Hangzhou Youxing operates the CaoCao Mobility App, which processes ride hailing orders, settles payment online and provides other related online ride hailing services. As advised by the PRC Legal Advisor, the services provided by Hangzhou Youxing fall into commercial value-added telecommunication business under the applicable PRC laws, and thus a Value-added Telecommunication Business Operation License for internet content provision services (增值電信業務經營許可證) (“**ICP License**”) is required.

During the Track Record Period, Limao Mobility was primarily engaged in the provision of online ride-hailing services and offline taxi-hailing services. Limao Mobility has obtained Online Ride Hailing Business Permit (《網絡預約出租汽車經營許可證》) and Road Transportation Business Permit (《道路運輸經營許可證》). As advised by the PRC Legal Advisor, Limao Mobility had obtained all requisite licenses, permits, approvals, and certificates from the relevant government authorities that are material for conducting online ride-hailing services and offline taxi-hailing services during the Track Record Period.

Unlike CaoCao Mobility, which provides mobility services in a self-operated manner as well as through the cooperation with car partners, Limao Mobility operated ride-hailing services during the Track Record Period mainly through affiliated drivers sourced from third-party human resources companies in a solely self-operated manner, and Limao Mobility was not involved in provision of any commercial internet information services that fall within the scope of value-added telecommunications services. Pursuant to the agreements entered into between Limao Mobility and each of such third-party human resources companies, (i) Limao Mobility will instruct the third-party human resources companies from time to time to source drivers to provide mobility services, (ii) based on the requirement of Limao Mobility, the third-party human resources companies are responsible for recruiting drivers that possess Online Ride Hailing Driver’s Licenses, (iii) the third-party human resources companies are required to assign drivers promptly to the designated places to provide mobility services, and (iv) Limao Mobility has the right to supervise, inspect and guide the performance of mobility services provided by the third-party human resources companies and shall pay the service fees based on the services provided by the third-party human resources companies. Under such arrangement, drivers sourced from third-party human resources companies are mainly subject to the management and supervision of Limao Mobility in accordance with the cooperation agreements entered into between Limao Mobility and each of such third-party human resources companies. Limao Mobility mainly settles fees (including drivers earnings) with the third-party human resources companies, and the driver earnings will then be paid to relevant drivers by third-party human resources companies. In addition, the vehicles used by these drivers for the provision of mobility services are owned and supplied by Limao Mobility. Therefore, these drivers are regarded as affiliated drivers of Limao Mobility and this business model is referred to as “self-operation”. In contrast, car-partner drivers from CaoCao Mobility are mainly managed by the car-partners. We settle the driver earnings with the car-partner drivers directly. The vehicles used by the car-partner drivers for the provision of mobility services are supplied in accordance with the agreements between the car-partners and the car-partner drivers, rather than being supplied by CaoCao Mobility. Given that CaoCao Mobility’s business involves the

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use of CaoCao Mobility’s internet information by car partners to manage drivers and vehicles used by drivers to provide ride-hailing services, and CaoCao Mobility also engages in other commercial internet information services, the business model of Limao Mobility is different from that of CaoCao Mobility, hence an ICP License is required to be obtained by Hangzhou Youxing for the operation of CaoCao Mobility.

During the Track Record Period, Limao Mobility delivered mobility services in a solely self-operated manner. Limao Mobility applied for an ICP License on June 8, 2022 based on such business model. On June 14, 2022, Zhejiang Provincial Communications Administration determined that an ICP license was not required for Limao Mobility’s solely self-operated mobility services and thus rejected Limao Mobility’s application for an ICP license. As confirmed by the PRC Legal Advisor, there has been no material change to the regulations for applying for an ICP license in Zhejiang province as well as the provisions of value-added telecommunication services in the Negative List during the Track Record Period. In addition, Limao Mobility’s business model remained unchanged throughout the Track Record Period, and hence an ICP license was not required for its provision of mobility services. On this basis, the PRC Legal Advisor is of the view that Limao Mobility was not required to obtain an ICP License during the Track Record Period.

Under such business model, in the event of accidents caused by such drivers, Limao Mobility is responsible for paying monetary damages to passengers and, thereafter, Limao Mobility is entitled to seek indemnification from third-party human resources companies pursuant to the terms of the relevant agreements. The PRC Legal Advisor has confirmed that, as the mobility services to customers are provided through the Limao Mobility Platform by Limao Mobility, third-party human resources companies who recruit and assign drivers for the provision of mobility services on a contractual basis are not required to obtain any licenses or permits (including the Platform Permit) under the PRC laws, other than the business licenses for providing human resources service.

To integrate more effectively with the Group’s online ride-hailing business and leverage combined resources and expertise for improved operational efficiency, Limao Mobility intends to engage in certain commercial internet information services, such as provision of commercial internet information service to car-partner drivers and provision of internet advertising service. Accordingly, Limao Mobility obtained an ICP License on October 18, 2024.

While Hangzhou Youxing currently holds an ICP license, it may no longer be deemed qualified to hold such license by the competent authority if our Company holds equity interest in Hangzhou Youxing other than through the Contractual Arrangements (i.e., if it is reorganized as a direct or indirect subsidiary of the Company). In addition, Limao Mobility has obtained an ICP license in order to further carry out business which falls into commercial value-added telecommunication business. The revenue contributed by Limao Mobility and its subsidiaries amounted to approximately 0.4% of the Group’s revenue for the year ended December 31, 2024 and the total assets of Limao Mobility and its subsidiaries amounted to approximately 8.1% of the Group’s assets as of December 31, 2024.

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On November 7, 2022, we, with the assistance of the PRC Legal Advisor, consulted the Zhejiang Communications Administration (浙江省通信管理局), which confirmed to us that (i) there is no material change to the approval regime in respect of the ICP License, and (ii) in practice, whether a foreign-invested entity can apply for ICP License depends on whether the foreign investor can fulfill the Qualification Requirements, which remains ultimately subject to substantive examination and discretion of the approving authorities on a case-by-case basis. On March 15, 2023, our PRC Legal Advisor further consulted the Zhejiang Communications Administration, which confirmed to us that (i) there has been no material change to the approval regime in respect of the ICP License since our last interview; (ii) there is no foreign invested online ride hailing operator that has obtained an ICP License pursuant to the FITE Regulations in Zhejiang province; and (iii) taking into consideration the characteristics of the online ride hailing industry in terms of the requirement on data isolation and data security, and the lack of precedent for foreign invested online ride hailing operators holding ICP Licenses pursuant to the FITE Regulations, in the event that Hangzhou Youxing is held by the Company through equity ownership, Hangzhou Youxing is in practice unable to apply for an ICP License through the foreign enterprises application procedure pursuant to the FITE Regulations and such application will not be approved.

Based on the current regulations and policy mainly issued by the State Council and Ministry of Industry and Information Technology, prudential and consistent practices of competent authorities regarding foreign-invested enterprises engaged in telecommunications business and the above confirmation, the PRC Legal Advisor has advised that (i) as the Zhejiang Communications Administration is responsible for approving and supervising the telecommunication business operation of domestic enterprises in Zhejiang and our ICP License was issued by Zhejiang Communications Administration, such department is the competent authority to provide the above confirmation and the officer consulted is the competent person to make the relevant confirmations; (ii) according to the above interviews, after considering the requirement on data isolation and data security of the online ride hailing industry and the lack of approval precedent, the competent authority is of the view that, in the event that Hangzhou Youxing is held by the Company through equity ownership, Hangzhou Youxing is in practice unable to apply for an ICP License through the foreign enterprises application procedure pursuant to the FITE Regulations and such application will not be approved; (iii) even though the Qualification Requirements were repealed, according to the above interviews, the competent authority will still consider the fulfillment of the Qualification Requirements by foreign investors in practice; but taking into account the lack of specific guidelines and approval procedures in this regard, whether and to what extent that the overseas entities within our Group, including our Company, as foreign investors of Hangzhou Youxing and Limao Mobility in the event we hold equity interest in Hangzhou Youxing and Limao Mobility, will meet the Qualification Requirements remain uncertain and (iv) as there has been no material change in the PRC laws and regulations regarding such approval regime in Zhejiang province or the business model of the Company since March 2023, the confirmations provided by the Zhejiang Communications Administration during the interview in March 2023 as detailed above remain applicable. Given the above, the PRC Legal Advisor is of the view that it is not viable for our Company to hold entities that hold or intend to hold any ICP License through equity ownership, other than through the Contractual Arrangements.

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As the Qualification Requirements are still being applied by the competent authority in practice, we have been gradually building up our track record of overseas value-added telecommunications services business operation for the purposes of meeting the Qualification Requirements, as early as possible and permissible, so as to hold the maximum percentage of equity interests in the Consolidated Affiliated Entities that currently hold the ICP License, subject to other applicable relevant PRC laws and regulations and views of competent approving authorities. We have taken the following measures to meet the Qualification Requirements:

- (i) we have started to establish an overseas website that will help potential overseas users and [REDACTED] better understand our Company’s services and businesses;
- (ii) we have obtained the right to use certain trademarks registered in Hong Kong and overseas for the purpose of our business operations. For details, please see the section headed “Connected Transactions—Trademark Licensing Agreement”; and
- (iii) we have established a subsidiary and a place of business in Hong Kong.

Accordingly, subject to the discretion of the competent authority on whether we have fulfilled the Qualification Requirements, our PRC Legal Advisor is of the view that, the above steps taken by us may be considered to be reasonable and appropriate in relation to the Qualification Requirements as such steps may enable our Group to have operation experiences related to the telecommunication business in overseas markets. Our Company will closely monitor the future development in the policy on the Qualification Requirements.

VEHICLE SUBSIDIARIES

Vehicle Subsidiaries themselves do not provide value-added telecommunications services and the PRC Legal Advisor has confirmed that the business of Vehicles Subsidiaries does not require Vehicle Subsidiaries to hold their own ICP Licenses. However, Vehicle Subsidiaries hold vehicles, which are the core assets of our Group in performing its online ride hailing business. As various devices are installed in the vehicles of our Group, these vehicles also serve as important tools for our Group to collect driver and passenger data and monitor and manage driver and the performance of orders efficiently. Taking into account that the operation of the online ride-hailing business on our platform is subject to foreign investment restriction, the Vehicle Subsidiaries, as the holders of the important operating assets of our online ride hailing business, are held by Hangzhou Youxing, Limao Mobility and their subsidiaries for efficient operation of our online ride hailing business. We believe that the Vehicle Subsidiaries should be retained under the VIE structure due to the following reasons:

a) Compliance with privacy and data security regulations

Since 2021, the collection and storage of personal data has been subject to increased scrutiny of the PRC regulatory authorities. Various laws and regulations have been promulgated to regulate privacy and data security, especially on the proper collection,

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handling, and storage of the data, including Data Security Law of the PRC (《中華人民共和國數據安全法》) and the Personal Information Protection Law of the PRC (《中華人民共和國個人信息保護法》), which took effect in September 2021 and November 2021 respectively.

Based on the requirement of the Ministry of Transport, our Group is required to collect and transmit information of drivers, vehicles and data in relation to, among others, orders, operation and service quality to the Online Ride Hailing Supervision Information Exchange Platform (網約車監管信息交互平台). These data are collected through (i) Hangzhou Youxing, Limao Mobility together with their branches and the Vehicle Subsidiaries as a whole in the course of their online ride-hailing services, which require processing and storage of user registration information, identity authentication information and order transaction information, and (ii) devices installed in vehicles, including cameras, where our Group collects images and audios of drivers and passengers. According to the Cybersecurity Law of the PRC (《中華人民共和國網絡安全法》), Data Security Law of the PRC, Personal Information Protection Law of the PRC and other relevant laws and regulations, the responsible party of personal information protection and data security should carry out data processing activities in accordance with laws and regulations, establish comprehensive whole-process data security management system and employ corresponding technical measures and other necessary measures to ensure data security. In accordance with the aforementioned provisions of laws and regulations, Hangzhou Youxing and Limao Mobility, as the operators of our online ride-hailing services and the parent companies of their PRC subsidiaries, must, in accordance with the provisions of laws and regulations, establish comprehensive data security management system and user personal information protection system.

More specifically, as advised by the PRC Legal Advisor, retaining Vehicle Subsidiaries, and the operators of our online ride hailing services, Hangzhou Youxing and Limao Mobility, within the VIE Structure is crucial for maintaining cybersecurity and preventing leakage of data and complying with the relevant PRC laws and regulations for the following reasons:

(i) Detailed requirements under the relevant PRC laws and regulations

According to the provisions of Cybersecurity Review Measures (《網絡安全審查辦法》), the relevant regulatory authorities focus on whether the proposed [REDACTED] may lead to any risk of core data, important data or a large amount of personal information being affected, controlled or maliciously used by foreign governments, and any risk of such data being stolen, leaked, damaged, illegally used or illegally exported. Therefore, during the proposed [REDACTED], our Company is advised to pay close attention to the risk of data leakage and take necessary measures such as structural isolation or implementing internal control system to reduce the associated security risks.

The Interim Measures for the Management of Online Ride Hailing Operation and Service (《網絡預約出租汽車經營服務管理暫行辦法》) further provides that (i) online ride hailing platform company should abide by the national rules and regulations on network and information security, (ii) the personal information collected and the business data generated should be stored and used in mainland China in principle, and (iii) unless otherwise stipulated

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by laws and regulations, the above data should not be leaked. Similarly, the Cybersecurity Law of the PRC and Several Provisions on the Management of Automobile Data Security (for Trial Implementation) (《汽車數據安全管理若干規定(試行)》) reinforce the significance of the principle of “domestic storage,” and Hangzhou Youxing and Limao Mobility must follow such principle when collecting and generating important data through providing online ride hailing services. As such, Hangzhou Youxing, Limao Mobilities and their subsidiaries should abide by the principle of storing and using the business data and personal information within mainland China, and adopt necessary corporate measures and corporate structures to ensure effective isolation of data and prevention of the access or control of data by foreign entities and their controlling shareholders to minimize the risk of illegal data export.

(ii) VIE Structure can effectively reduce the risk of leakage or malicious use of domestic data

Under the Group’s VIE Structure, data assets and equity interest related to the online ride hailing business are controlled by Hangzhou Youxing, Limao Mobility and their subsidiaries, and the Registered Shareholders of Hangzhou Youxing do not participate in the daily operations of Hangzhou Youxing. Under such corporate structure, our domestic entities can continue to meet the legal requirement for the storage and use of personal information and important data collected and generated in business operations in China, and it is also more conducive to protecting the security of business data and domestic users’ right in respect of personal information.

The agreements underlying the Contractual Arrangements also contain provisions to ensure that unless there is necessary business justification or legally required by the place of [REDACTED], Hangzhou Youxing will not transfer any Restricted Data (as defined below) collected and generated in domestic operations from the Consolidated Affiliated Entities to foreign entities or affect the control of the such data by the Consolidated Affiliated Entities, and any of such transfer, if required, will be made in accordance to PRC laws and regulations. Therefore, the VIE Structure can effectively reduce the risk of leakage or malicious use of domestic data.

The PRC Legal Advisor has conducted an Interview with the Cybersecurity and Informatization Commission Office of Zhejiang Provincial Committee of the Communist Party of China (中共浙江省委網絡安全和信息化委員會辦公室) (“**Zhejiang CAC**”) on November 15, 2022, according to which it was confirmed that for the purpose of data security and preventing leakage of data to overseas, Hangzhou Youxing, together with the Vehicle Subsidiaries, should be retained under the VIE structure and should not be transferred to the WFOE. The PRC Legal Advisor is of the view that (a) according to the Lists of Administrative Responsibilities (權責清單) published by the People’s Government of Zhejiang Province and Procedural Provisions on the Administrative Law Enforcement of Cyberspace Affairs Departments (《網信部門行政執法程序規定》), Zhejiang CAC is responsible for the administrative examination on network information security of local internet content service operators in Zhejiang Province where Hangzhou Youxing is located, and the competent authority to issue rectification orders or impose administrative penalties against such local

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operators in accordance with the Cybersecurity Law of the PRC, and thus it is the competent authority to provide the relevant confirmation in respect of the implementation of the applicable rules and regulations in relation to data security and protection and the officer consulted is the competent person to make the relevant confirmations, and (b) based on the applicable laws and regulations, the business model of our Company’s online ride hailing business, the data collection and storage function of the vehicles held by the Vehicle Subsidiaries and the above confirmation of the Zhejiang CAC, our Company should retain the Vehicle Subsidiaries under the VIE Structure and should not transfer the Vehicle Subsidiaries to the WFOE.

b) Integral to the online ride hailing business of our Group

As elaborated below, vehicles owned by the Vehicle Subsidiaries form an integral part of our Group’s online ride hailing services.

- (i) The business process of our Group’s online ride hailing service mainly comprises of, submission of ride requests by users on our mobility platforms and assignment of orders by our Group to drivers on our mobility platforms for the provision of ride hailing services. It is the business strategy of our Group to provide vehicles to the drivers on our mobility platforms, which distinguishes our Group from its peers, which rely heavily on drivers bringing their vehicles on their platforms to perform online ride hailing services. Such business strategy enables our Group to provide a consistent and unified experience to users, as well as managing its drivers efficiently.
- (ii) Online ride hailing companies should meet the requirements of online service capability and offline service capability, including obtaining Transportation Permits for vehicles used on the platform. The purpose of establishing the Vehicle Subsidiaries is to hold the vehicles, apply for the requisite Transportation Permits and provide such vehicles to the drivers on our mobility platforms.
- (iii) Vehicles held by the Vehicle Subsidiaries are fully integrated to the full business cycle of our Group. Drivers can apply to use our vehicles for the provision of online ride hailing services on our mobility platforms, and ride hailing orders are dispatched to suitable drivers and vehicles through our mobility platforms using algorithms. The Vehicle Subsidiaries are responsible for obtaining the requisite Transportation Permits for their vehicles and maintain the vehicles in good condition throughout the use of vehicles by drivers. Through the devices installed on our Group’s vehicles, our Group is able to manage drivers, track the location of each vehicle and collect the data of drivers and vehicles effectively. Accordingly, vehicles held by the Vehicle Subsidiaries form an integrate part of our Group’s online ride hailing business service offerings under our Group’s business model.

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- (iv) As an essential component of our online ride hailing business, the business of Vehicle Subsidiaries is fully integrated with the business of Hangzhou Youxing or Limao Mobility. As elaborated above, the services provided by Hangzhou Youxing fall into commercial value-added telecommunication services, which is within the ‘restricted’ category under the applicable PRC laws. In addition, Limao Mobility is also in the process of preparing for the application of ICP license. Therefore, as a part of the restricted value-added telecommunications services operation, the Vehicle Subsidiaries cannot be reorganised as subsidiaries of the WFOE, due to the WFOE’s inability to hold an ICP License.

In addition, among the Vehicle Subsidiaries, seven subsidiaries also hold the local Platform Permits as of the Latest Practicable Date. The PRC Legal Advisor has made verbal consultations with the relevant transportation authorities in the cities where these seven subsidiaries are located, and was informed that (i) after the online ride hailing platform company has obtained the certification of online service capability, it can set up a local subsidiary or branch to operate the local online ride hailing business; and (ii) if the online ride hailing business is operated by a subsidiary, the online ride hailing platform company needs to have direct equity control over such subsidiary. According to the aforementioned laws and regulations and the confirmation of the relevant transportation authorities, the PRC Legal Advisor has advised that (i) these seven subsidiaries holding local Platform Permits, Hangzhou Youxing and Limao Mobility as the operating platform jointly provide online ride hailing services; and (ii) as an integral part of the online ride hailing service business, these seven subsidiaries holding local Platform Permits should continue to be held by Hangzhou Youxing or Limao Mobility through direct shareholding for the purpose of complying with the applicable laws and regulations and the requirements of local competent authorities.

Additionally and specifically relating to one Vehicle Subsidiary, Suzhou Geely Youxing, it intends to carry out internet advertising business, which falls into commercial value-added telecommunication business under the applicable PRC laws, and holds an ICP License. According to the Administrative Measures on Internet Information Services (《互聯網信息服務管理辦法》) and the Classification Catalog of Telecommunications Business (2015 version) (《電信業務分類目錄(2015年版)》) (as amended on June 6, 2019), the internet advertising services Suzhou Geely Youxing intends to provide are commercial internet information services, which are a type of value-added telecommunications services and requires a separate ICP license. As Suzhou Geely Youxing intends to provide such commercial internet information services in its own name and through separate domain names and websites, which are independent from CaoCao Mobility’s platform, the PRC Legal Advisor has advised that Suzhou Geely Youxing is required to obtain its own ICP License.

Our principal business is the provision of mobility services and the revenue from mobility services accounted for 97.9%, 96.6% and 92.6% of our total revenue for the years ended December 31, 2022, 2023 and 2024, respectively. During the Track Record Period, the Vehicle Subsidiaries also engaged in vehicle leasing and vehicle sales, which were immaterial and ancillary to our principal business. We may not fully utilize our vehicles. From time to time, we leased untillized vehicles primarily to our car partners to increase our platform’s service

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capacity and the utilization of our vehicles. For the years ended December 31, 2022, 2023 and 2024, the revenue generated from vehicle leasing only accounted for 1.3%, 1.4% and 1.3% of our total revenue, respectively. In addition, before 2023, the Vehicle Subsidiaries occasionally sold vehicles purchased from Geely Group to our car partners to increase the service capacity of our platform. In 2023, we started to sell purpose-built vehicles through the PBV Co, which is not a Consolidated Affiliated Entity. It is expected that the Vehicle Subsidiaries will not engage in the business of sale of vehicles upon the [REDACTED].

OTHER SUBSIDIARIES AND INVESTMENTS HELD BY HANGZHOU YOUXING

As of the Latest Practicable Date, in addition to the above, Hangzhou Youxing also held 14 subsidiaries, which do not currently carry out business operations, intend to carry out business which are subject to foreign investment restrictions or are intended to be deregistered or disposed of. These entities are not expected to commence any substantive business operations by the time of [REDACTED]. We will undertake to procure these entities (i) not to conduct any businesses that are not subject to foreign investment restrictions or prohibitions and, to the extent that any of these entities does, to transfer such entity outside of the Contractual Arrangements prior to engaging in any unrestricted business; or (ii) to be deregistered or to be disposed of in the event that such entities are no longer required.

In addition, as of the Latest Practicable Date, Hangzhou Youxing held a 5.47% minority investment in Jixing International Technology Co., Ltd. (吉行國際科技有限公司) (“**Jixing International**”). In 2019, Hangzhou Youxing invested in 40% of the equity interest in Jixing International, a company established in the PRC to provide online ride-hailing services in Paris under the brand of CaoCao Mobility Paris, for a consideration of RMB32.0 million. We decided to focus on our business in the PRC in 2022 as part of a strategic adjustment and transferred 32% of the equity interest in Jixing International to another shareholder for a consideration of RMB25.6 million, and the remaining 8% equity interest was diluted to 5.47% as a result of a capital increase. The investment value of such investment was nil as of December 31, 2024. Such investment is passive, non-controlling interest and immaterial to us. Transfer of our equity interest in Jixing International is subject to the pre-emptive right of the other shareholders under Jixing International’s articles of association and requires assistance from the other shareholders. The communication process with the relevant parties with respect to our intention to transfer the equity interest out of the Contractual Arrangements, as well as the results of such communication, are out of our control.

Based on the above reasons, our Directors are of view that the Contractual Arrangements are narrowly tailored, as (i) they are used to achieve our business purposes and minimize the potential conflict with relevant PRC laws and regulations, (ii) vehicle leasing by the Vehicle Subsidiaries is immaterial and ancillary to our principal business, and (iii) it would be impracticable for our Company to further narrow the scope of our businesses included within the Contractual Arrangements. Considering that (i) Vehicle Subsidiaries are holding asset, i.e., the vehicles, for the operation of the Company’s online ride hailing business, (ii) the purpose of the sale and leasing of vehicles is to improve the utilization of the vehicles and expand the Company’s online ride hailing business, (iii) the revenue contributed by sale and leasing of

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vehicles only accounted for 1.7%, 2.5% and 7.2% of the Company’s total revenue for the years ended December 31, 2022, 2023 and 2024, respectively, and (vi) the PRC Legal Advisor’s opinion that it is not viable for the Company to hold entities that hold or to intend to hold any ICP License through equity ownership, other than through the Contractual Arrangements, the Joint Sponsors concur with the Directors’ view that the Contractual Arrangements are narrowly tailored.

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To assert management control over the operations of our Relevant Business conducted through the Consolidated Affiliated Entities and enjoy all economic benefits of the Consolidated Affiliated Entities, we, through the WFOE, entered into a series of contractual arrangements with Hangzhou Youxing and/or its Registered Shareholders (as applicable), which were last amended in April, 2024 and supplemented by the joinder agreement dated July 12, 2024 signed by Oceanpine Marvel. The agreements underlying such contractual arrangements with Hangzhou Youxing and/or its Registered Shareholders (as applicable) include: (i) the Business Cooperation Agreement, (ii) the Exclusive Technical Consulting Services Agreement; (iii) the Exclusive Call Option Agreement, (iv) the Equity Pledge Agreement, and (v) the Shareholders’ Rights Entrustment Agreement (each term as defined below); moreover, (a) Mr. Li and Mr. Xingxing Li, being the ultimate individual beneficial owners of Geely Holding and Zhejiang Jidi, and (b) the general partner of each of the Limited Partnership Registered Shareholder (as defined below) and the controlling shareholders of each of the Corporate Registered Shareholder (as defined below), has each executed a Letter of Undertakings, and the spouse of each of Mr. Li and Mr. Xingxing Li has also executed a spousal consent letter (such contractual arrangements collectively, the “**Contractual Arrangements**”). Accordingly, the term ‘ownership’ or the relevant concept, as applied to our Company in this document, refers to an economic interest in the assets or businesses through the Contractual Arrangements without holding any equity interest in our Consolidated Affiliated Entities. The Contractual Arrangements, through which we are able to exercise control over and derive the economic benefits from our Consolidated Affiliated Entities, have been narrowly tailored to achieve our business purpose and minimize the potential for conflict with relevant PRC laws.

Although the limited partners of Longqi Xinglu, Xiangcheng Xiangxing VC, Tongxiang Wuzhen Fund I and Paradise Silicon-valley Tiansheng (collectively, the “**Limited Partnership Registered Shareholders**”) did not sign letters of undertakings, the general partners have undertaken to procure the relevant limited partners to comply with the terms of the Contractual Arrangements and there are no provisions in the partnership agreements that allow the limited partners to revoke or invalidate the Contractual Arrangements entered into by the Limited Partnership Registered Shareholders or the relevant general partners. Each of ABC Investment (Suzhou), Oceanpine Marvel and Dongwu Innovation (collectively, the “**Corporate Registered Shareholders**”), is a company and its controlling shareholder has executed the above-mentioned Letter of Undertaking. As advised by our PRC Legal Advisor, (i) the Limited Partnership Registered Shareholders and the Corporate Registered Shareholders, being partnerships or companies and separate legal entities established under the applicable laws, are

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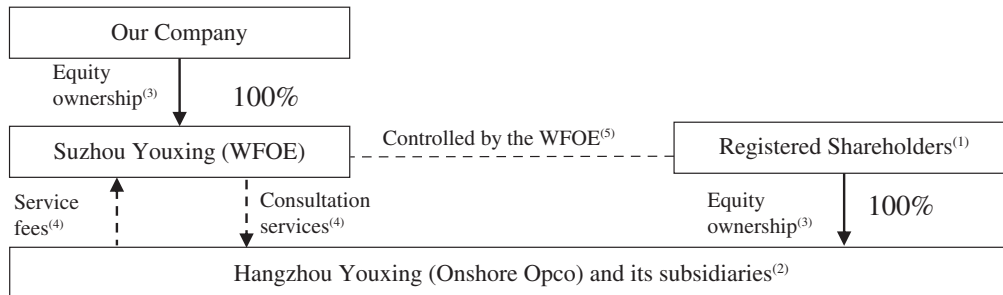
legally bound by and are required to perform under the terms of the Contractual Arrangements, with substantively the same obligations and legal responsibility as those that would be imposed on a natural person who is a Registered Shareholder; (ii) even if the limited partners or the ultimate beneficial owners enter into arrangements that may directly or indirectly concern their interests in the Limited Partnership Registered Shareholders or the Corporate Registered Shareholders, which include any change in the partners or the shareholders of the Limited Partnership Registered Shareholders or the Corporate Registered Shareholders under PRC laws, these arrangements would not affect the validity of the Contractual Arrangements or its legally binding effect upon the Limited Partnership Registered Shareholders or the Corporate Registered Shareholders; (iii) with all the Registered Shareholders of Hangzhou Youxing signing the Contractual Agreements, it is sufficient to ensure the effectiveness and validity of our Contractual Arrangements; and (iv) the arrangement of Limited Partnership Registered Shareholders not signing the letters of undertakings would not affect the validity of the Contractual Arrangements or its legally binding effect on the Limited Partnership Registered Shareholders or the Corporate Registered Shareholders.

Pursuant to the Contractual Arrangements, all substantial and material business decisions of the Consolidated Affiliated Entities will be instructed and supervised by our Group, through the WFOE, and all risks arising from the business of the Consolidated Affiliated Entities are also effectively borne by our Group as a result of the Consolidated Affiliated Entities being treated as wholly owned subsidiaries of our Company. Accordingly, our Directors consider that it is fair and reasonable for the WFOE to be entitled to all economic benefits generated by the business operated by the Consolidated Affiliated Entities through the Contractual Arrangements as a whole. In addition, our Directors are of the view that the Contractual Arrangements and the transactions contemplated thereunder are fundamental to our Group's legal structure and business operations and would allow and ensure sound and effective operation of our Company and our Relevant Business in compliance with applicable PRC laws and regulations. Accordingly, our Directors consider that such transactions, which have been and shall be entered into on normal commercial terms, are fair and reasonable, or advantageous, so far as our Group is concerned and are in the best interest of our Company and Shareholders as a whole. Our Directors also believe that our Group's structure whereby the financial results of the Consolidated Affiliated Entities are consolidated into our Company's financial statements as subsidiaries, and the flow of economic benefit of their businesses to our Group pursuant to the Contractual Arrangements, would also be in the best interest of our Company.

During the Track Record Period, all our revenue was generated by our Consolidated Affiliated Entities.

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The following simplified diagram illustrates the flow of economic benefits from our Consolidated Affiliated Entities to our Group as stipulated 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. See “History, Reorganization and Corporate Structure—Pre-[REDACTED] Investments—Information on the Pre-[REDACTED] Investors” for background of the Pre-[REDACTED] Investors.
- (2) These constitute our Consolidated Affiliated Entities.
- (3) “→” denotes direct legal and beneficial ownership in the equity interests. The 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.

Summary of the material terms of the Contractual Arrangements

A description of each of the specific agreements that comprise the Contractual Arrangements is set out below.

Business Cooperation Agreement

Under the business cooperation agreement dated April 10, 2024 (as supplemented by the joinder agreement dated July 12, 2024 signed by Oceanpine Marvel), entered into between the WFOE, Hangzhou Youxing and the Registered Shareholders (the “**Business Cooperation Agreement**”), without the prior written approval from the WFOE, the Registered Shareholders shall not request or procure Hangzhou Youxing to enter into transactions that may affect the assets, business, personnel, obligations, rights or operations of Hangzhou Youxing, including, but not limited to, (i) carrying out any activity outside which is outside the current scope of business or operate in a manner that is not consistent with past practice, (ii) disposal,

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acquisition or otherwise dealing in any assets or rights (including, but not limited to, intellectual properties) with third parties, (iii) the provision of any security or guarantee in favour of any third party or the creation of any encumbrances in relation to its assets or intellectual rights.

In addition, under the Business Cooperation Agreement, the WFOE also has the right to appoint or terminate the appointment of the directors (including executive directors), general managers, financial controllers and other senior managers of Hangzhou Youxing and the Registered Shareholders shall fully cooperate to give effect to the appointment or termination. Further, the WFOE has the right to inspect Hangzhou Youxing’s financial accounts from time to time. Hangzhou Youxing agrees to cooperate with the WFOE and its shareholders (including the Company) with respect to the auditing of Hangzhou Youxing’s financial accounts. Hangzhou Youxing agrees to deliver certificates relevant to its operations and official seals upon the request of WFOE for safekeeping by the WFOE’s finance department, and undertakes to use the relevant certificates and official seals only with the WFOE’s consent and in accordance with its internal guidance. The Registered Shareholders also undertake that any dividend, distribution or any other gain or benefit in any form received from Hangzhou Youxing shall be gifted or transferred for free to the WFOE or its designated party unconditionally.

The Business Cooperation Agreement will remain effective for ten years and will be automatically renewed for another ten years unless the WFOE objects to such renewal within 30 days’ prior to its expiry.

Exclusive Technical Consulting Services Agreement

Under the exclusive technical consulting services agreement dated April 10, 2024 (as supplemented by the joinder agreement dated July 12, 2024 signed by Oceanpine Marvel), entered into between the WFOE and Hangzhou Youxing (the “**Exclusive Technical Consulting Services Agreement**”), the WFOE has the exclusive right to provide Hangzhou Youxing and its subsidiaries with comprehensive business and technical support and related consulting services, including, but not limited to the following:

- (1) researching and developing relevant software and technology based on the business needs of the Hangzhou Youxing;
- (2) researching, designing, monitoring and debugging on Hangzhou Youxing’s computer network equipment and mobile applications;
- (3) providing technical training and support to the employees of Hangzhou Youxing;
- (4) providing maintenance, security, testing and repair services to Hangzhou Youxing’s internet systems;
- (5) providing hardware and software procurement consulting services;

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- (6) providing market development and marketing services in relation to the application software;
- (7) providing industry consulting and product development services;
- (8) providing business cooperation opportunities in relation to customers, business partners, and relevant market information;
- (9) providing relevant technical consulting, technical services, business consulting, market consulting, management consulting and services, system integration, product research and system maintenance services required by Hangzhou Youxing;
- (10) granting Hangzhou Youxing the authorization to use WFOE’s intellectual property;
- (11) providing financial, personnel management and other services;
- (12) offering equipment and asset leasing, transfer, and disposal services; and
- (13) providing other services required for the business operation of Hangzhou Youxing that WFOE possesses the relevant qualifications and capabilities to provide.

Without the WFOE’s prior written consent, Hangzhou Youxing shall not accept any services that are the same or similar to those under the Exclusive Technical Consulting Services Agreement from any third party. Hangzhou Youxing agreed to pay service fees based on the cost of services with a mark-up determined by the WFOE based on actual business conditions of Hangzhou Youxing on a quarterly basis to the WFOE within 10 business days upon receipt of the service fees invoice setting out the basis of calculation. Specifically, the mark-up shall be determined by the WFOE after taking into account the actual business conditions and the following factors: the complexity of the services, the cost of time spent by employees of WFOE, the commercial value and specific content of the services, the market price of similar services, the business conditions of Hangzhou Youxing, and the amount of costs and expenses that is necessary to be retained by Hangzhou Youxing. The WFOE owns the intellectual property rights arising out of the services performed under the Exclusive Technical Consulting Services Agreement. It is agreed that certain intellectual property rights designated by the WFOE shall be registered under Hangzhou Youxing’s name to accommodate its business needs, and Hangzhou Youxing agrees to transfer these intellectual property rights to the WFOE upon its request free of charge or at the lowest consideration permitted by relevant laws. The Exclusive Technical Consulting Services Agreement will remain effective for ten years and will be automatically renewed for another ten years unless the WFOE objects to such renewal within 30 days’ prior to its expiry.

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Exclusive Call Option Agreement

Under the exclusive call option agreement dated April 10, 2024 (as supplemented by the joinder agreement dated July 12, 2024 signed by Oceanpine Marvel), entered into between the WFOE, Hangzhou Youxing and the Registered Shareholders (the “**Exclusive Call Option Agreement**”), the Registered Shareholders irrevocably granted the WFOE or any third party designated by the WFOE an irrevocable and exclusive option to purchase all or part of their respective equity interests in Hangzhou Youxing or the assets and business of Hangzhou Youxing at the WFOE’s option upon occurrence of the following circumstances, at the consideration of RMB1 or the lowest consideration permitted by PRC laws, including, but not limited to:

- (i) the WFOE or its direct or indirect controlling shareholders is permitted to conduct or hold Hangzhou Youxing’s business under PRC laws;
- (ii) the Registered Shareholders are no longer suitable to be or capable of being the shareholders of Hangzhou Youxing;
- (iii) dissolution, liquidation or bankruptcy of the Registered Shareholders;
- (iv) violation of any provisions of the agreements under the Contractual Arrangements by the Registered Shareholders; or
- (v) the WFOE requests the Registered Shareholders to transfer their equity interests in Hangzhou Youxing to the WFOE or the third party designated by it by giving 15 business days’ advance written notice.

The Registered Shareholders shall, subject to the relevant PRC laws and regulations, return to WFOE any consideration they receive in the event that WFOE exercises the options under the Exclusive Call Option Agreement to acquire equity interest in Hangzhou Youxing or the assets of Hangzhou Youxing.

The Exclusive Call Option Agreement will remain effective until it is terminated by the WFOE with 30 days’ advance written notice or all equity interests in or assets of Hangzhou Youxing are transferred to the WFOE or the third party designated by it.

Equity Pledge Agreement

Under the equity pledge agreement dated April 10, 2024 (as supplemented by the joinder agreement dated July 12, 2024 signed by Oceanpine Marvel), entered into between the WFOE, Hangzhou Youxing and the Registered Shareholders (the “**Equity Pledge Agreement**”), each of the Registered Shareholders pledged all its equity interest in Hangzhou Youxing in favour of the WFOE to guarantee the performance of its obligations under the Contractual Arrangements. If any of the Registered Shareholders or Hangzhou Youxing breaches any obligations under the Contractual Arrangements, the WFOE, as pledgee, will be entitled to

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exercise the pledges upon giving reasonable notice. The pledges under the Equity Pledge Agreement constitute first-priority security interests in the pledged equity interests. Each of the Registered Shareholders agreed that before its obligations under the Contractual Arrangements are discharged it will not transfer the pledged equity interest or create or permit to exist any security interest or other encumbrance on the pledged equity interest without the prior written consent of the WFOE. The Equity Pledge Agreement will remain effective until all obligations of the Registered Shareholders and Hangzhou Youxing under the Contractual Arrangements are fully fulfilled. The Registered Shareholders completed the registration of the Equity Pledge Agreement in November 2024 and December 2024.

Shareholders’ Rights Entrustment Agreement

Under the shareholders’ rights entrustment agreement dated April 10, 2024 (as supplemented by the joinder agreement dated July 12, 2024 signed by Oceanpine Marvel), entered into between the WFOE, Hangzhou Youxing and the Registered Shareholders (the “**Shareholders’ Rights Entrustment Agreement**”), each Registered Shareholder irrevocably authorized the WFOE (including its successors and any liquidator), any person designated by the WFOE or the Company’s board of Directors to exercise its shareholder rights (but excluding any person who is not independent or whose authorization may give rise to a conflict of interest), including, but not limited to, the right to propose and attend shareholder meetings, the right to vote on all matters subject to discussions and resolutions by shareholders (including, but not limited to, the appointment of directors, supervisors, general manager, deputy general manager, finance director and other members of senior management, capital reduction, liquidation and distribution of residual assets) and the right to decide the sale, transfer, pledge, disposal or dealing of all or part of the equity interest held by the Registered Shareholder. The Shareholders’ Rights Entrustment Agreement is irrevocable and will remain in force until it is terminated by the WFOE with 30 days’ advance written notice or the WFOE has completed purchase all of the equity interests in or assets and business of Hangzhou Youxing pursuant to the Exclusive Call Option Agreement.

Letters of Undertakings

Under the letters of undertakings dated April 10, 2024, given by Mr. Li and Mr. Xingxing Li (the “**Individual Letters of Undertakings**”), each signing individual shareholder has separately irrevocably undertaken that, in the event of his death, loss of capacity, divorce or any other event that could affect his direct or indirect exercise of shareholder rights in Hangzhou Youxing, his successor, guardian, creditor, spouse or any other person that may have any claim of right or interest in the relevant equity interest in Hangzhou Youxing will not engage in any act that may affect the ability of him, his holding entities or Hangzhou Youxing to perform their obligations under the Contractual Arrangements.

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Each signing individual shareholder further undertook, among others, that:

- (i) his spouse has no ownership interest in the equity interest beneficially owned by him in Hangzhou Youxing and has no influence on his management of Hangzhou Youxing or shareholder resolutions with respect to Hangzhou Youxing.
- (ii) he will not, and will procure his holding entities and directors thereof acting on his behalf not to, require or instruct his holding entities to sell, transfer, pledge, dispose of or create any security interest or encumbrance in the relevant equity interest in Hangzhou Youxing or Hangzhou Youxing’s material business or revenue without the WFOE’s prior written consent.
- (iii) he will not engage in any act or omission that may lead to any conflict of interest between his holding entities, the WFOE and Hangzhou Youxing and its subsidiaries and, if such conflict of interest arises, follow the WFOE’s instructions to eliminate such conflict of interest.

Under the letters of undertakings dated April 10, 2024 or July 12, 2024 (as the case may be), given by general partners of the Limited Partnership Registered Shareholders and the controlling shareholders of Corporate Registered Shareholders (the “**Controller Letters of Undertakings**”), each of them has separately undertaken, among others, that:

- (i) it will procure the Limited Partnership Registered Shareholders/Corporate Registered Shareholders to comply with the Contractual Arrangements, in particular the Exclusive Call Option Agreement, Shareholders’ Rights Entrustment Agreement and Equity Pledge Agreement in connection with any sale, transfer, pledge or disposal of equity interest in Hangzhou Youxing or Hangzhou Youxing’s assets, business, profit and income;
- (ii) it will not require or instruct the Limited Partnership Registered Shareholders/Corporate Registered Shareholders to sell, transfer, pledge, dispose of, or create any security interest or encumbrance in equity interest in Hangzhou Youxing; or
- (iii) it will not engage in any act or omission that could lead to any conflict of interest between the Limited Partnership Registered Shareholders/Corporate Registered Shareholders, the WFOE (including its shareholders), Hangzhou Youxing and its subsidiaries and, if the WFOE reasonably believes that such conflict of interest has arisen, to follow and procure the Limited Partnership Registered Shareholders/Corporate Registered Shareholders to follow the WFOE’s instructions to eliminate such conflict of interest.

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Confirmation from the spouses of the Registered Shareholders

The spouse of each of Mr. Li and Mr. Xingxing Li signed a spousal consent letter dated April 10, 2024 (the “**Spousal Consent Letters**”). Under the Spousal Consent Letters, each signing spouse acknowledged, recognized and unconditionally and irrevocably agreed that the equity interest beneficially owned by her spouse in Hangzhou Youxing was personal property of her spouse, does not constitute joint or common marital property and should be disposed of in accordance with the Contractual Arrangements. Each signing spouse undertook not to claim the equity interest as part of her own property or joint or common marital property or participate in Hangzhou Youxing’s management or matters subject to shareholder resolutions. Each signing spouse further undertook not to engage in any conduct that is inconsistent with the Contractual Arrangements and, in the event that she acquires any equity interest in Hangzhou Youxing, to be bound by the Contractual Arrangements, including the same obligations as those of the Registered Shareholders thereunder, and execute agreements equivalent to the Contractual Arrangements at the WFOE’s request.

Other aspects of the Contractual Arrangements

Data Security

Certain of the agreements underlying the Contractual Arrangements stipulate that the parties acknowledge that in the course of providing online ride hailing service, Hangzhou Youxing and its subsidiaries collect, store and process personal information and data such as user registration information, identity authentication information and order transaction information, and collect and temporarily store personal information data such as images and voices of drivers and passengers, order information, service quality feedback and other personal data (collectively the “**Restricted Data**”) regulated under the Data Security Law, the Personal Information Protection Law, and the Cybersecurity Law of the PRC in compliance with the relevant laws and regulations of the PRC. In order to comply with the Cybersecurity Law, the Data Security Law, the Personal Information Protection Law, the Measures of Security Assessment for Data Export, Several Provisions on the Management of Automobile Data Security (for Trial Implementation) and other relevant laws and regulations relating to cybersecurity, data security and personal information protection (the “**Cybersecurity Laws and Regulations**”), unless there is clear business justification or a requirement by the securities regulator at the place of [REDACTED], the WFOE shall not require Hangzhou Youxing to transfer any Restricted Data to the WFOE.

If the WFOE requires the assistance of Hangzhou Youxing in providing any Restricted Data for business reason or at the request of the securities regulator at the place of [REDACTED], it must obtain the explicit consent of Hangzhou Youxing, which shall then conduct a self-inspection according to its internal control systems and the Cybersecurity Laws and Regulations and, if necessary, consult the competent authorities or engage a data compliance consultant for advice to ensure the provision of such data is in compliance with Cybersecurity Laws and Regulations. The Restricted Data shall generally be desensitized before being provided to the WFOE, unless otherwise required by the relevant regulatory

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authorities. The WFOE shall (a) adopt effective technical and management measures and conduct a data security assessment according to the Cybersecurity Laws and Regulations, (b) ensure that personnel processing the Restricted Data are subject to confidentiality obligations and (c) not use the Restricted Data for purposes other than the agreed purpose. Hangzhou Youxing may withdraw its consent for the use of the Restricted Data at any time in accordance with the Cybersecurity Laws and Regulations, its internal control system and upon the request of the relevant regulatory authorities and require the WFOE to delete or destroy such Restricted Data in a timely manner.

The WFOE understands and confirms that it will not claim any right of ownership or control in any Restricted Data provided by Hangzhou Youxing in accordance to the Contractual Arrangements.

The main purpose of the restriction on the transfer of Restricted Data to the WFOE is to comply with the principle of storing and using the Restricted Data within the PRC, and adopt necessary corporate measures and corporate structure to ensure effective isolation of the Restricted Data and prevention of access or control of the Restricted Data by foreign entities and their controlling shareholders to minimize the risk of illegal export of the Restricted Data, in accordance with the PRC Laws, including the Interim Measures for the Management of Online Ride Hailing Operation and Service, the Cybersecurity Law of the PRC and Several Provisions on the Management of Automobile Data Security (for Trial Implementation) (《汽車數據安全管理若干規定(試行)》). The restriction on the transfer of Restricted Data to the WFOE does not affect the effectiveness of the Group’s contractual arrangements or have a material adverse effect on the WFOE’s control over Hangzhou Youxing and its subsidiaries for the following reasons:

- (a) Right to transfer the Restricted Data is not a prerequisite for the effectiveness of the Group’s contractual arrangements under the PRC Civil Code. Our PRC Legal Advisor has advised that each of the agreements under the Contractual Arrangements is legal, valid and binding on the parties thereto and none of them would be deemed as void under the PRC Civil Code;
- (b) The Restricted Data shall generally be desensitized before being provided to the WFOE. Such desensitization does not undermine the WFOE’s control over Hangzhou Youxing in respect of operational management and personnel arrangements, including WFOE’s information and inspection rights; and
- (c) As our Group’s commercial decisions in exercising control over Hangzhou Youxing and its subsidiaries are based on general information on their business conditions and financial performance, which does not include user personal information or important data restricted from being transferred abroad under applicable PRC laws, our PRC Legal Advisor is of the view that the restriction on Restricted Data does not apply to such general information.

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Dispute resolution

Each of the agreements underlying the Contractual Arrangements stipulates that in the event of any dispute arising out of or in relation to the agreements underlying the Contractual Arrangements, the parties shall first negotiate to resolve such dispute. If the parties fail to reach an agreement on the resolution of such dispute within 30 days, any party may submit such dispute to the Shanghai International Economic and Trade Arbitration Commission for arbitration in accordance with the then effective arbitration rules. The arbitration shall be conducted in Shanghai, the language of arbitration shall be Chinese, and the results of the arbitration shall be final and binding on all relevant parties.

In addition, pursuant to the dispute resolution clause, subject to applicable PRC laws, the arbitration tribunal may award remedies over the shares, assets and land of the parties, such as compensation, injunctive relief (including, but not limited to, facilitating business operations or compulsory transfer of assets) or order the winding-up of the relevant parties. Any party shall have the right to apply for interim remedial measures to courts of competent jurisdiction (including courts of the PRC, Hong Kong and the Cayman Islands) pending the formation of an arbitral tribunal.

Succession

Each of the agreements underlying the Contractual Arrangements (as applicable) is binding on the successors of the parties.

Conflicts of interest

Each of the individual shareholders of the Registered Shareholders has given his irrevocable undertakings in their Letters of Undertaking, which address potential conflict of interests that may arise in connection with the Contractual Arrangements. For details, please see the sub-section headed “—Summary of the material terms of the Contractual Arrangements—Letters of Undertakings.”

Under the Shareholders’ Rights Entrustment Agreement, a person who is not independent or whose authorization may give rise to a conflict of interest cannot be authorized by the Registered Shareholders to exercise shareholder rights in Hangzhou Youxing.

Each of Mr. Li, Mr. Xingxing Li, the general partners of the Limited Partnership Registered Shareholders and the controlling shareholders of Corporate Registered Shareholders, undertook that, during the period that the Contractual Arrangements remain effective, they shall not take or omit to take any action which may lead to a conflict of interest, either through themselves or their holding entities, with the WFOE, the WFOE’s direct or indirect shareholders or Hangzhou Youxing and its subsidiaries. If there is any conflict of interest, the WFOE shall have the right to decide in its sole discretion on how to address such conflict of interest in accordance with the applicable PRC laws, and they will unconditionally follow the instructions of the WFOE to take any action to eliminate such conflict of interest.

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Loss sharing

Under the relevant PRC laws and regulations, none of our Company or the WFOE is expressly legally required to share the losses of, or provide financial support to, our Consolidated Affiliated Entities. Further, our Consolidated Affiliated Entities are limited liability companies and shall be solely liable for their own debts and losses with assets and properties owned by them. The WFOE intends to continuously provide to or assist the relevant Consolidated Affiliated Entities in obtaining financial support when deemed necessary. In addition, given that our Group conducts a substantial portion of its business operations in the PRC through our Consolidated Affiliated Entities, which hold the requisite PRC operational licenses and approvals, and that their financial position and results of operations are consolidated into our Group’s financial statements under the applicable accounting principles, our Company’s business, financial position and results of operations would be adversely affected if our Consolidated Affiliated Entities suffer losses.

Despite the foregoing, as provided in the Exclusive Call Option Agreement, without the written consent of the WFOE, Hangzhou Youxing and the Registered Shareholders shall not, among others:

- (a) increase or decrease its registered capital, or alter the structure of the registered capital in any other way;
- (b) sell, transfer, mortgage or dispose of in any manner, or allow to be created any other security interest in, any legal or beneficial interest in the material assets, business or revenue of Hangzhou Youxing;
- (c) incur, inherit, guarantee or permit the existence of any debt, except for debts incurred in the ordinary course of business other than through loans; and
- (d) enter into any consolidation or merger with any third party, or acquire or invest in any third party.

Liquidation

Pursuant to the Exclusive Call Option Agreement, in the event of a dissolution or liquidation, at the request of the WFOE and subject to the PRC laws, all remaining assets of Hangzhou Youxing shall be transferred to the WFOE or any other entity or person designated by the WFOE at the consideration of RMB1 or the minimum amount of consideration permitted by PRC laws. In case the aforementioned transfer shall include consideration, upon receipt of the consideration paid by the WFOE and/or any other entity or person designated by the WFOE, the Registered Shareholders shall return such consideration to the WFOE or any other entity or person designated by the WFOE in a manner consistent with the PRC laws and regulations.

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Operations in compliance with the Contractual Arrangements

Our Group will adopt the following measures to ensure legal and regulatory compliance and to ensure the sound and effective operation of our Group (including our Consolidated Affiliated Entities) and the implementation of the Contractual Arrangements upon [REDACTED]:

- (a) as part of the internal control measures, major issues arising from implementation of the Contractual Arrangements will be submitted to our Board, if necessary, for review and discussion on an occurrence basis;
- (b) our Board will review the overall performance of and compliance with the Contractual Arrangements once a year;
- (c) our Company will disclose the overall performance of and compliance with the Contractual Arrangements in our annual reports; and
- (d) if necessary, legal advisors and/or other professionals will be retained to assist our Group to deal with specific issues arising from the Contractual Arrangements and to ensure that the operation and implementation of the Contractual Arrangements as a whole will comply with applicable laws and regulations.

Insurance

Our company does not maintain an insurance policy to cover the risks related to the Contractual Arrangements.

Circumstances in which we will unwind the Contractual Arrangements

We will unwind and terminate the Contractual Arrangements as soon as practicable in respect of the Relevant Business operated by the Consolidated Affiliated Entities, to the extent permissible, and we will directly hold the maximum percentage of ownership interest permissible under the relevant PRC laws. In this event the WFOE will exercise its rights under the Exclusive Call Option Agreement to unwind and terminate the Contractual Arrangements to the extent permissible and we will directly operate the Relevant Business without using the Contractual Arrangements.

Our confirmation

Our Directors confirm that, as of the Latest Practicable Date, we had not encountered any interference or encumbrance from any PRC governing bodies in operating our businesses through our Consolidated Affiliated Entities under the Contractual Arrangements.

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LEGALITY OF THE CONTRACTUAL ARRANGEMENTS

Based on the above, we believe our Contractual Arrangements are narrowly tailored to minimize the potential conflict with relevant PRC laws and regulations to the maximum extent and our PRC Legal Advisor is of the opinion that:

- (a) each of the WFOE and Hangzhou Youxing is an independent legal entity which is duly established and is validly existing under the PRC laws;
- (b) each of the agreements under the Contractual Arrangements is legal, valid and binding on the parties thereto and none of them would be deemed as void under the PRC Civil Code;
- (c) none of the agreements under the Contractual Arrangements violates any provisions of the respective articles of association of the WFOE and Hangzhou Youxing;
- (d) the Contractual Arrangements do not require any approvals from the PRC government authorities, except that (a) the establishment and disposal of the pledges under the Equity Pledge Agreement are required to be registered with the relevant local State Administration for Market Regulation; (b) the exercise of the options by the WFOE under the Exclusive Call Option Agreement to purchase all or part of the assets and equity interests in Hangzhou Youxing is subject to the approvals of, consent of, filing with and/or registration with the PRC government authorities; and (c) the arbitration awards/interim remedies provided under the dispute resolution provision of the Contractual Arrangements must be recognized by the PRC courts before compulsory enforcement; and
- (e) the Contractual Arrangements are not in violation of applicable and explicit PRC laws and regulations currently in effect, except for the following provisions regarding dispute resolution and liquidation:
 - (i) that the Contractual Arrangements provide that the arbitral body may award remedies over the shares and/or assets of Hangzhou Youxing, injunctive relief and/or winding up of Hangzhou Youxing, and that courts of competent jurisdiction are empowered to grant interim remedies in support of the arbitration pending the formation of an arbitral tribunal, while under PRC laws, an arbitral body has no power to grant injunctive relief and may not directly issue a provisional or final liquidation order for the purpose of protecting assets of or equity interests in Hangzhou Youxing in case of disputes. In addition, interim remedies or enforcement orders granted by overseas courts such as Hong Kong and the Cayman Islands may not be recognizable or enforceable in China; and

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- (ii) the Contractual Arrangements provide that in the event of a dissolution or liquidation, at the request of the WFOE and subject to the PRC law, all remaining assets of Hangzhou Youxing shall be transferred to the WFOE or any other entity or person designated by the WFOE at the consideration of RMB1 or the minimum amount of consideration permitted by PRC laws. In case the aforementioned transfer shall include consideration, upon receipt of the consideration paid by the WFOE and/or any other entity or person designated by the WFOE, the Registered Shareholders shall return such consideration to the WFOE or any other entity or person designated by the WFOE in a manner consistent with the PRC laws and regulations. The aforementioned provision may not be enforceable under PRC laws in the event of a mandatory liquidation required by PRC laws or bankruptcy liquidation.

Our PRC Legal Advisor is of the view that according to the Trial Administrative Measures of the Overseas Securities Offering and Listing by Domestic Companies (《境內企業境外發行證券和上市管理試行辦法》) and the Notice on Administration for the Filing of Overseas Offering and Listing by Domestic Companies (《關於境內企業境外發行上市備案管理安排的通知》), we will be required to complete the filing formalities with the CSRC in connection with the [REDACTED]. See “Regulations—Regulations on Mergers and Acquisitions and Overseas Listings” for further details.

Based on the above advice from our PRC Legal Advisor, the Directors are of the view that the adoption of the Contractual Arrangements is unlikely to be deemed ineffective or invalid under applicable PRC laws and regulations. In the unlikely event we become unable to enforce our Contractual Arrangements, we may not be able to exert effective control over our Consolidated Affiliated Entities and may lose not only the ability to consolidate their revenues but also the control over their business operations. See the section headed “Risk Factors—Risks Relating to Our Corporate Structure—If the PRC government finds that the agreements that establish the structure for operating certain of our operations in China do not comply with PRC laws and regulations relating to the relevant industries, or if these regulations or the interpretation of existing regulations change in the future, we could be subject to severe penalties or the nullification of the Contractual Arrangements or be forced to relinquish our interests in those operations.”

Given that the Contractual Arrangements will constitute non-exempt continuing connected transactions of our Company, a waiver has been sought from [and has been granted by] the Stock Exchange, details of which are disclosed in the section headed “Connected Transactions” of this document.

ACCOUNTING ASPECTS OF THE CONTRACTUAL ARRANGEMENTS

Under the Exclusive Technical Consulting Services Agreement, it was agreed that, in consideration of the services provided by the WFOE, Hangzhou Youxing will pay service fees to the WFOE. The service fees payable are determined based on the services provided. The amount will be determined by the WFOE, the Registered Shareholders and Hangzhou Youxing

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through arms’ length negotiations after considering (i) the complexity and difficulty of the services provided by the WFOE, (ii) the time consumed by employees of the WFOE in providing the services, (iii) the contents and value of the services provided by the WFOE, (iv) the market price of the same type of services, (v) the operating conditions of Hangzhou Youxing, and (vi) the necessary costs, expenses, taxes and statutory reserve or retained funds. Accordingly, through the Exclusive Technical Consulting Services Agreement, the WFOE has the ability, at its sole discretion, to extract substantially all of the economic benefit of Hangzhou Youxing.

Under the Exclusive Call Option Agreement, the WFOE has absolute contractual control over the distribution of dividends or any other amounts to the Registered Shareholders of Hangzhou Youxing as the WFOE’s prior written consent is required before any distribution can be made. If the Registered Shareholders receive any profit, dividend or distribution, they shall promptly transfer or pay such profit, distribution or dividend to the WFOE or any other person designated by the WFOE to the extent permitted under applicable PRC laws.

As a result of the Contractual Arrangements between the WFOE, Hangzhou Youxing, the Registered Shareholders and the indirect individual shareholders or controllers of the Registered Shareholders, the WFOE is able to effectively control, recognize and receive substantially all the economic benefit of the business and operations of Hangzhou Youxing. Accordingly, Hangzhou Youxing is treated as controlled structured entities of our Company and consolidated by our Company. The basis of combining the results of Hangzhou Youxing is disclosed in Note 2 to the Accountant’s Report set out in Appendix I of this document.

DEVELOPMENT IN PRC LEGISLATION ON FOREIGN INVESTMENT

Background of the Foreign Investment Law

On March 15, 2019, the National People’s Congress approved the Foreign Investment Law (外商投資法) (the “**FIL**”) which took effect on January 1, 2020. The FIL replaced the Law on Sino-Foreign Equity Joint Ventures (中外合資經營企業法), the Law on Sino-Foreign Cooperative Joint Ventures (中外合作經營企業法) and the Law on Wholly Foreign-Owned Enterprises (外資企業法) to become the legal foundation for foreign investment in the PRC. The FIL is formulated to further expand opening-up, vigorously promote foreign investment and protect the legitimate rights and interests of foreign investors. According to the FIL, China adopts a system of national treatment plus Negative List with respect to foreign investment administration, and the Negative List will be issued (or approved to be issued) by the State Council, from time to time. The Negative List sets out the industries in which foreign investments are prohibited or restricted. Foreign investors would not be allowed to make investments in prohibited industries, while foreign investments must satisfy certain conditions stipulated in the Negative List for investment in restricted industries. Foreign investment and domestic investment in industries outside the scope of the Negative List shall be treated equally. On December 26, 2019, the State Council promulgated the Implementation Regulations on the Foreign Investment Law (外商投資法實施條例) (the “**FIL Implementation Regulations**”), which took effect on January 1, 2020. The FIL Implementation Regulations

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provide that foreign investments in sectors on the Negative List shall comply with special management measures in respect of shareholding, senior management personnel and other matters stipulated under the Negative List.

Impact and consequences of the Foreign Investment Law

Conducting operations through contractual arrangements has been adopted by many PRC-based companies, including our Group. We use the Contractual Arrangements to establish control of our Consolidated Affiliated Entities, by the WFOE, through which we operate our business in the PRC. The FIL defines the foreign investment as the investment activities directly or indirectly conducted by foreign investors in the PRC, and sets forth the specific situations that should be regarded as foreign investment. However, the FIL and the FIL Implementation Regulations do not explicitly prohibit or restrict a foreign investor to rely on contractual arrangements to conduct the majority of its business that is subject to foreign investment restrictions or prohibitions in the PRC. In this regards, as advised by our PRC Legal Advisor, if there are no other promulgated national laws, administrative regulations or administrative rules prohibiting or restricting the operation of or affecting the legality of Contractual Arrangements, the validity of our Contractual Arrangements may not be affected.

Notwithstanding the above, the FIL stipulates that foreign investment includes “foreign investors invest in China through any other methods under laws, administrative regulations or provisions prescribed by the State Council” without elaboration on the meaning of “other methods.” There are possibilities that future laws, administrative regulations or provisions prescribed by the State Council may regard contractual arrangements as a form of foreign investment, at which time it will be uncertain whether the Contractual Arrangements will be deemed to be in violation of the foreign investment access requirements and how the above-mentioned Contractual Arrangements will be handled. Therefore, there is no guarantee that the Contractual Arrangements and the business of our Consolidated Affiliated Entities will not be materially and adversely affected in the future due to changes in PRC laws and regulations. See “Risk Factors—Risks Relating to Our Corporate Structure—Uncertainties exist with respect to the interpretation and implementation of the PRC Foreign Investment Law and how it may impact the viability of our current corporate structure, corporate governance and business operations.”