
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 operated in 136 cities as of December 31, 2024. Our gross transaction value (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 have strengthened our brand image with a 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.

Due to our strategic relationship with the Geely Group, we have co-developed our purpose-built vehicles and deployed them at scale, 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.

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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, an initiative to establish digitalized and standardized protocols for maintenance and repair, 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, 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 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. 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%.

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The shared mobility market is currently highly concentrated. In 2024, the largest player in the ride hailing sector had 70.4% market share in terms of GTV as it enjoyed significant brand awareness from first-mover advantage and access to a large user base, having established its predecessor entity in 2012 and at one point capturing over 90% of the ride hailing sector’s market share in terms of number of orders completed according to Frost & Sullivan. In comparison, we as the second largest player in 2024 only had 5.4% market share in terms of GTV. 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.

We believe that the shared mobility industry continues to face entrenched challenges and we can capitalize on the industry’s growth opportunities and the rise of third-party aggregation platforms by addressing the following pain points:

- **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 their profitability and cost structure per order (i.e., how much passenger and driver incentives, driver earning, and miscellaneous other expenses account for each order’s GTV), 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.

We intend to address the above pain points by leveraging our competitive strengths, including, among others, our fleet of purpose-built vehicles with uniform vehicle specifications designed to meet passenger needs with consistency, and our auto solutions that improve drivers’ operating efficiency and our cost structure.

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Our Competitive Strengths

Distinctive control of vehicles through strategic relationship with Geely Group

- We benefit from distinctive discretion in the co-development of purpose-built vehicles, shaping specifications that precisely meet the needs of passengers and drivers.
- We deploy purpose-built vehicles at scale, with the largest fleet of purpose-built vehicles of its kind in China as of December 31, 2024, according to Frost & Sullivan.
- We are a frontrunner in the development of robotaxi services, with on-the-ground operation in two cities since February 2025.

Differentiated user experience with strong brand recognition

- We are consistently recognized for our service quality.
- We adopt a strong focus on safety and maintained an order accident rate substantially lower than industry average in 2023 and 2024, according to Frost & Sullivan.
- Our user experience is differentiated by purpose-built vehicles and smart in-cabin features.

Driver empowerment through reduced total cost of ownership (TCO) and enhanced operating efficiency

- Our auto solutions and comprehensive safety system reduces driver TCO.
- CaoCao Brain, our AI-powered decision-making system, streamlines supply and demand matching through real-time analysis and increases operating efficiency.
- Our purpose-built vehicles offer TCO savings while providing a comfortable and efficient work environment.

Advanced and rapidly-evolving technologies

- We continuously invest in CaoCao Brain for accurate supply and demand prediction, efficient distribution of incentives, and optimal order dispatch.
- We collaborate with Geely Group to enhance vehicle intelligence capabilities.

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Clear path towards profitability

- We managed to reduce reliance on driver incentives while increasing drivers’ income per hour (IPH).
- We recorded steadily improving gross profit margin from 2022 to 2024.

Forward-looking senior management embracing new mobility

- Our senior management team combines extensive experience across the internet, mobility service, and automotive industries.
- We are adept at identifying and addressing critical needs of passengers and drivers.

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.

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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 ⁽¹⁾
	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

Note:

- (1) The term “passenger” and “user” as used in this [REDACTED] are identical in meaning and interchangeable. Both include users who place orders through third-party aggregation platforms, individual users who order through CaoCao Mobility and Limao Mobility, and enterprise users who order through CaoCao Enterprise and Limao Enterprise. The term “user” is used by default. In places where we discuss passengers and drivers together, the term “passenger” is used instead of “user” since strictly speaking drivers also use our apps. For the avoidance of doubt, any reference to “users” in this [REDACTED] does not include drivers on our platform.

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 an adjusted amount to reflect real-time supply and demand for ride hailing services. For example, we generally offer higher driver earnings and incentives in areas and at times when drivers are in short supply.
- (2) In an 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.

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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 (held by Hangzhou Youxing and Suzhou Geely Youxing and valid nationwide)
	Platform Permits, in applicable cities
Drivers	Online Ride Hailing Driver’s Licenses
Vehicles	Transportation Permits

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

Although we recorded net losses and significant borrowings 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 passenger and driver acquisition and retention, marketing and branding, technology and operational enhancements, and purpose-built vehicle development and deployment. All these factors contributed to our ecosystem and elevated us to the scale needed to compete with major players in the industry. To finance these investments, we primarily relied on debt financings, instead of equity financings, and thus recorded significant borrowings during the Track Record Period.

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In 2022, we made significant investments to achieve a substantial scale in major tier-one and tier-two cities across China and to build up a fleet of approximately 50,000 vehicles that we hold directly. Thereafter, 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 as we substantially reduced our use of passenger and driver incentives. Concurrently, we still incurred significant expenses replacing a substantial portion of our vehicles with purpose-built vehicles, paving the way for our expansion into new cities in 2024 with an asset-light model, under which we supply local car partners with purpose-built vehicles instead of further investing in buying purpose-built vehicles ourselves. Between 2022 and 2024, our total assets decreased from RMB4.7 billion to RMB4.1 billion, primarily because we managed to maintain a stable fleet size and there was depreciation on the vehicles. Meanwhile, we were still able to grow our revenue from RMB7.6 billion to RMB14.7 billion as we significantly increased our collaboration with car-partners which held vehicles and strengthened our on-the-ground capabilities for geographical expansion. Going forward, we intend to maintain the size of our fleet at around 50,000 vehicles, while continuously replacing the approximately 16,000 non-purpose-built vehicles with purpose-built vehicles as they retire in existing cities. We will also continue to sell purpose-built vehicles to car partners when entering new cities.

The improvement in profitability we accomplished during the Track Record Period can be attributable to a number of factors. Our early investment in purpose-built vehicles, the loyalty of our core users, enhanced collaboration with aggregation platforms, and the recovery of the shared mobility industry from the COVID-19 pandemic have enabled our order volume and average order value (AOV) to grow 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 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 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, including user incentives, commissions charged by third-party aggregation platforms, and promotions, advertising, and user referral incentives, decreased as a percentage of total

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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 saw an improvement in our profitability during the Track Record Period. In terms of cash flows, we pivoted to generating positive net operating cash flow in 2023 and 2024 from a state of negative net operating cash flow in 2022. Nonetheless, we still recorded negative net investing cash flow of RMB1.5 billion in 2023, primarily attributable to our significant investment to replace a substantial portion of our own vehicles with purpose-built vehicles, before recording positive net investing cash flow in 2024. As a result, our borrowings increased from RMB5.6 billion as of December 31, 2022 to RMB7.5 billion as of December 31, 2023, and subsequently decreased to RMB7.2 billion as of December 31, 2024. Between December 31, 2022 and 2024, our cash and cash equivalents decreased from RMB380.0 million to RMB159.5 million while our borrowings increased from RMB5.6 billion to RMB7.2 billion, also primarily attributable to our negative net investing cash flow of RMB1.5 billion in 2023 to replace a substantial portion of our vehicles with purpose-built vehicles.

Going forward, we plan to further improve profitability primarily through the following approaches. As our profitability improves, we also expect to generate increasing positive net operating cash flow, which will enable us to reduce our borrowings and maintain an appropriate level of cash and cash equivalents.

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 RMB8.0 trillion in 2024 to RMB10.6 trillion in 2029. The fastest growth is expected to be observed in the shared mobility market, with a projected increase from RMB344.4 billion in 2024 to RMB804.2 billion in 2029, owing to rising consumer demand for economical mobility options and an amplified penetration of shared mobility services in lower-tier cities.

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We intend to capitalize on the upward industry trend. We plan to increase our penetration in existing cities and expand our reach in China by tapping into new city markets. To augment our total GTV whilst controlling expenditure to achieve profitability, 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. Strategic partnerships with local stakeholders will facilitate 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.

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. With 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 aggregation platforms and our platform, enhancing our ability to meet user demand.

Brand image enhancement through our differentiated services and user experience

We are one of China’s leading ride-hailing platforms with significant 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.

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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

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 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 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. 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

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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 aggregation platforms to drive more traffic to our platform. 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 service quality, increasing market presence through collaboration with 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. We entered 85 new cities in 2024, all of which were done in collaboration with car partners through selling them our purpose-built vehicles, and expect to enter more cities going forward under the same model. This approach allows us to increase the scale of our operations without having to purchase and hold more vehicle ourselves, which would help with decreasing our financial leverage as we can strengthen our on-the-ground service capacities without incurring higher capital expenditure.

As our business scales and we increasingly enter new cities without holding the vehicles ourselves, 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. The resulting improvement in profitability and operating cash flow is also expected to help us reduce our borrowings.

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

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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 decreased as a percentage of total GTV from 22.2% in 2022 to 18.1% in 2023. The percentage rebounded to 22.8% in 2024 as we incurred relatively higher user acquisition costs as a percentage of total GTV when entering new markets 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 where we may incur relatively higher user acquisition costs at the early stages. In particular, we will continue to refine our user acquisition strategies by leveraging our enhanced collaboration with 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.

While we strive to improve our financial performance in 2025, we expect to continue incurring significant cost of revenue and selling and marketing expenses which were two of the largest cost/expense items during the Track Record Period as we may incur relatively higher adjusted driver earnings and incentives and total user acquisition cost when entering new markets. We also 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.

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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) ⁽²⁾	13.5	19.2	28.7
Average monthly active drivers (in thousands)	234	297	466
Order response rate ⁽³⁾	87.4%	88.4%	88.1%
Average monthly driver retention rate ⁽⁴⁾	68.9%	74.7%	70.8%
Total user acquisition costs as a percentage of GTV ⁽⁵⁾	22.2%	18.1%	22.8%
Adjusted driver earnings and incentives as a percentage of mobility service revenue ⁽⁶⁾	84.2%	79.1%	79.0%
Driver IPH (RMB) ⁽⁶⁾	30.9	36.1	35.7

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.
- (2) Average monthly active users track the number of discrete individual users on our platform, each of whom may place multiple orders in a given period. For the avoidance of doubt, this metric is not a measurement of the number of orders.
- (3) 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.
- (4) Monthly driver retention rate for a given month is calculated based on the number of drivers retained in the following month. During each Chinese New Year, we typically see a large number of drivers stop taking orders on our platform, as they leave the tier-one and tier-two cities where we operate to spend the holiday in their hometown. As such, we typically experience significantly lower driver retention rate in each month preceding the Chinese New Year, which included December 2022 (due to the 2023 Chinese New Year) and January 2024 (due to the 2024 Chinese New Year). Since these holidays did not affect any month in 2023, we recorded higher average monthly driver retention rate for 2023 than we did for 2022 and 2024.
- (5) Total user acquisition costs as a percentage of GTV decreased between 2022 and 2023 primarily because we incurred significant spending on user referral incentives in 2022 to build up our scale and substantially reduced such spending since 2023 in an effort to improve our profitability, and because

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CaoCao Brain accomplished efficient distribution of user incentives, including across aggregation platforms that we collaborate with. Total user acquisition costs as a percentage of GTV increased between 2023 and 2024 as we entered a number of new cities and increased spending on user acquisition in existing cities.

- (6) Between 2022 to 2024, our scale of operation increased and the resulting order volume enabled our drivers to receive orders more frequently. Our auto solutions, including support for battery swaps, also enabled our drivers to spend less time on energy replenishment. As a result, our ability to attract and retain drivers generally increased, and we were able to reduce our spending on driver incentives to improve our profitability without sacrificing the interests of our driver base. Between 2022 and 2024, adjusted driver earnings and incentives as a percentage of mobility service revenue has decreased progressively, as we reduced our spending on driver incentives. Concurrently, driver IPH increased from 2022 to 2023 and slightly decreased in 2024. Driver IPH increased from 2022 to 2023 as we enabled drivers to receive orders more frequently and spend time replenishing energy less frequently. Driver IPH slightly decreased from 2023 to 2024 consistent with the general decrease across the industry.

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 by the end of 2026. 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%

SUMMARY

For the Year Ended December 31,						
	2022		2023		2024	
(RMB in millions, except percentages)						
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%

In 2024, we entered 85 new cities in collaboration with local car partners through selling them our purpose-built vehicles, and intend to enter more cities in 2025 following the same model. This approach does not require us to further expand the size of our own fleet and enables us to expand our geographical coverage efficiently. However, at early stages of our new market entry, we have incurred and are likely to continue incurring relatively high user incentives to build our brand awareness and relatively high adjusted driver earnings and incentives to establish our driver base. The following table sets forth a comparison of certain operating metrics of our operations in 2024 in the 85 newly-entered cities, all of which are tier-two and below, and in comparable existing cities, meaning cities where we had operation before 2024 and are tier-two and below, and all existing cities.

	Newly-entered Cities	Comparable Existing Cities	All Existing Cities
Percentage contribution to total GTV	5.3%	59.1%	94.7%
User incentives as a percentage of total GTV	15.5%	14.5%	14.5%
Adjusted driver earnings and incentives as a percentage of total GTV	80.5%	68.2%	68.1%
Average monthly driver retention rate	62.2%	67.8%	67.8%
Average monthly user retention rate	35.9%	41.4%	41.7%
Percentage contribution to GTV by car-partner drivers ⁽¹⁾	99.4%	62.2%	70.7%

Note:

- (1) As we entered new cities in collaboration with local car partners, substantially all of our GTV generated from the newly-entered cities are attributable to car-partner drivers.

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.

	RMB
Transaction price of RMB10.00	10.00
Add: tolls, fees, and taxes	0.40
Less: user incentives	(1.70)
Passenger pays	8.70
Transaction price of RMB10.00	10.00
Add: tolls, fees, and taxes	0.40
GTV	10.40
Less: tolls, fees, and taxes	(0.40)
Less: user incentives	(1.70)
Mobility service revenue	8.30
Cost of revenue	
Less: driver earnings and incentives for mobility services	(6.60)
Less: depreciation and car maintenance cost	(0.80)
Less: commissions paid to our car partners	(0.20)

Note:

* All numbers are estimated based on actual numbers in 2024.

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 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 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 asset-backed securities (ABSs) and asset-backed notes (ABNs), bank borrowings, factor borrowings, and loans from related parties. We 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.

SUMMARY

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 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

SUMMARY

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 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 as percentages of the revenue for such year. For details of the adjusted loss (non-IFRS measure), see “—Non-IFRS Measures.”

SUMMARY

- (4) Adjusted EBITDA margin (non-IFRS measure) represents the adjusted EBITDA (non-IFRS measure) for the year 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.

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:

- 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.
- 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.
- 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 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.

SUMMARY

- 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.
- 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]

[REDACTED] EXPENSE

Based on the [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] 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;

SUMMARY

- approximately [REDACTED] of the net [REDACTED], or approximately [REDACTED], will be used in the next three years to enhance and launch purpose-built vehicles;
- 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. More vehicles are expected to be sold by us to our car partners, drivers and third parties in future, which will

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lead to an increase in the number of vehicles to be procured by us from the foregoing sellers 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 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.

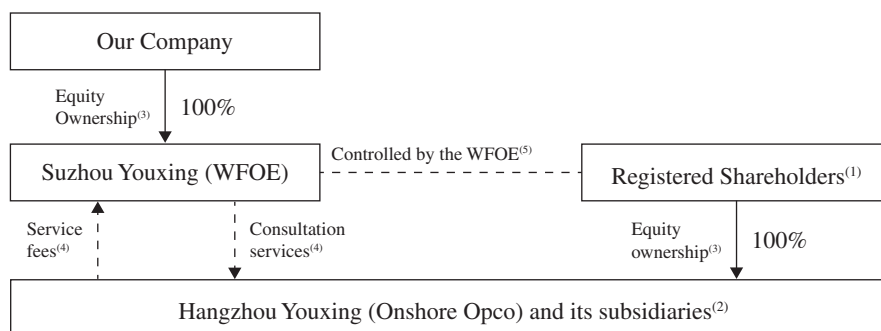
PRE-[REDACTED] INVESTORS

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:



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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.
- (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.

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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 [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.

[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

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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.

RECENT DEVELOPMENT AND NO MATERIAL ADVERSE CHANGE

Since December 31, 2024, we continued to steadily expand our business. We operated in 146 cities as of March 31, 2025. Our total GTV was RMB4.8 billion for the three months ended March 31, 2025, representing an increase of 54.9% from the same period in 2024. Our order volume reached 164.4 million for the three months ended March 31, 2025, representing an increase of 51.8% from the same period in 2024. According to our unaudited management accounts, we also recorded higher revenue and gross profit margin in the three months ended March 31, 2025 than the same period in 2024.

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.

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 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.

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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.”