

BUSINESS

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 total GTV was RMB12.2 billion in 2023, representing an increase of 37.5% from 2022, and reached RMB17.0 billion in 2024, representing an increase of 38.8% from 2023 and 5.4% market share according to Frost & Sullivan. We 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 for a substantial portion of the orders completed, as car partners bring us additional service capacity and allow us to expand our coverage efficiently without the need to invest in procuring and managing vehicles. 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.

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

BUSINESS



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.

Our Achievement

Our commitment to excellence is reflected in CaoCao Mobility’s No. 1 ranking in user recognition for “best service quality” among China’s leading shared mobility platforms in five consecutive quarterly surveys of thousands of shared mobility users nationwide from the fourth quarter of 2023 to the fourth quarter of 2024. The survey was commissioned by us and conducted by a third party which independently managed data collection and analysis.

We have accomplished growth and improved our profitability at the same time. From 2022 to 2024, our revenue increased from RMB7.6 billion to RMB14.7 billion, and our gross profit margin improved from -4.4% to 8.1%.

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%.

BUSINESS

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 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.

Our Competitive Strengths

Distinctive control of vehicles through strategic relationship with Geely Group

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

BUSINESS

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

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

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

Differentiated user experience with strong brand recognition

We are dedicated to service quality. Our comprehensive driver management protocols incentivize all of our drivers, including those managed by car partners, to provide excellent and standardized services. CaoCao Mobility was recognized as the No. 1 brand in user recognition for “best service quality” among China’s leading shared mobility platforms in five consecutive quarterly surveys of thousands of shared mobility users nationwide from the fourth quarter of 2023 to the fourth quarter of 2024.

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

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

BUSINESS

Driver empowerment through reduced TCO and enhanced operating efficiency

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

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

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

Advanced and rapidly-evolving technologies

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

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

Clear path towards profitability

We have systematically adjusted our unit economics by transforming the cost structure of our mobility services. We have reduced our reliance on driver incentives, as our scale and the resulting network effect ensures a high order density which reduced our drivers’ idle rate and increased their income per hour (IPH), and our comprehensive control over the full-lifecycle of vehicles reduces TCO for drivers. Our adjusted driver earnings and incentives as a percentage of mobility service revenue has decreased progressively from 84.2% in 2022 to 79.1% in 2023 and 79.0% in 2024, while our drivers’ average IPH increased from RMB30.9

BUSINESS

in 2022 to RMB36.1 in 2023 and slightly decreased to RMB35.7 in 2024, a year when driver IPH generally decreased across the industry due to increased competition and our driver IPH remained higher than other major participants, according to Frost & Sullivan. In the same period, we also entered a number of new cities and driver IPH is generally lower in the initial ramp-up period of new city entries, which contributed to the slight decrease in driver IPH. In 2023 and 2024, we achieved positive gross profit margins of 5.8% and 8.1%, respectively.

Forward-looking senior management embracing new mobility

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

Our Commitment to Social Responsibility

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

We have pioneered new energy-focused shared mobility services in China in pursuit of sustainable mobility. All our purpose-built vehicles are BEVs, equipped for both charging and battery swapping. This not only significantly reduces emissions compared to ICE vehicles but also minimizes the carbon footprint through efficient battery use and recycling. Our vehicles are designed using environmentally friendly materials, further mitigating environmental impact.

Since 2015, our Carbon Space feature in the CaoCao Mobility app has allowed users to monitor their contributions to carbon reduction, enhancing community awareness of carbon neutrality and promoting our dedication to sustainable practices. By December 31, 2024, we had facilitated approximately 1.9 billion rides in new energy vehicles, achieving a cumulative reduction of over 3.1 million tons of carbon emissions. In 2023, we accomplished carbon-neutral operation in terms of greenhouse gas emissions and are on track to achieve net zero carbon emissions for all ride hailing orders by 2035.

Additionally, our control over vehicles has enabled us to cater to the needs of physically challenged individuals, including deploying the wheelchair-accessible LEVC TX5 equipped with numerous accessibility features. During the 2023 Asian Games and Asian Para Games in

BUSINESS

Hangzhou, we served as the official transportation provider, offering comprehensive services including the provision of approximately 300 LEVC TX5s to support the transportation of disabled athletes. We have launched barrier-free mobility services in multiple cities including Hangzhou, Dalian, and Suzhou.

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

We will continue to standardize service offerings leveraging our purpose-built vehicles, and proprietary technologies. Beyond increasing the penetration of purpose-built vehicles, we will continue to strengthen the regular training and operational support for drivers to ensure they provide services that meet our standard. We will also introduce more smart cabin features for users to enjoy their ride with us. Users can expect more vehicle control and more personalized yet consistent spatial experience. We plan to bolster our brand image through these measures and deepen user engagement and loyalty.

Enhancing and launching purpose-built vehicles to meet evolving market demands

We will continue to increase the penetration of our purpose-built vehicles to scale up our efforts to offer best value for money to users and reduce vehicle TCO for drivers, further strengthening our market positions. In the future, we plan to launch new models of purpose-built vehicles to further enhance our competitive advantage, including a new L4 level robotaxi model fully designed for serving on our autonomous driving platform by the end of 2026, and we will continue to upgrade the current models to track our latest development in vehicle intelligence.

We will deploy new purpose-built vehicles not only through our own fleet of mobility services, but also through our car partners with flexible options including sales and leases. In addition, we plan to increase the penetration of our purpose-built vehicles for express mobility services in cities where we maintain a leading position, and prudently expand coverage of purpose-built vehicles, stage by stage, to more cities nationwide.

Furthermore, we will allow more of our purpose-built vehicles to be deployed by third parties such as independent vehicle fleet operators, which provide their vehicles and drivers to various shared mobility platforms, and taxi companies. Not only will such sales add to our growth, increasing adoption of our purpose-built vehicles by third parties also helps strengthen the brand image of our own mobility services.

BUSINESS

Expanding our geographical footprint and exploring innovative operational models

We expect to look for strategic opportunities to expand our geographical coverage to replicate our success. To this end, we intend to build dedicated local teams in new cities where we decide to enter and partner with local stakeholders to strengthen our on-the-ground capabilities. From 2022 to 2024, while we steadily increased our scale, we also improved our operating efficiency and built foundational technological capabilities. We have a proven track record of steadily increasing profitability. We plan to leverage our brand and goodwill, business resources, industry insights, and operational expertise to capitalize on the growth opportunities presented by the many cities that we have not yet covered. In particular, we expect to focus on lower-tier cities given their market potential. In 2024, we have entered 85 new cities with an asset-light model under which we supply local car partners with purpose-built vehicles and do not hold and deploy purpose-built vehicles ourselves. This model alleviates pressure on our working capital while ensuring the quality of service provided by our car partners. At the initial stages of entering a new market, we may deploy passenger and driver incentives aggressively in order to quickly gain market share, while taking into account the local market’s competitive landscape and cost of living.

Improving our auto solutions to reinforce our advantage in full-lifecycle vehicle management

We will further improve our auto solutions to support our advantage in purpose-built vehicles. Meanwhile, we will continue to leverage our scale to deploy low-cost vehicle insurance and spare parts to reinforce the competitiveness of our auto solutions. We expect that the improvement in our auto solutions and the associated TCO savings will further increase the attractiveness of our purpose-built vehicles to third parties.

We will work with Geely Group and other business partners to further expand the geographic coverage of battery swap stations and auto servicing shops. We continually coordinate with the Geely Group to prioritize cities where we have significant operations for the expansion of their battery swap station network. For auto servicing shops, we will also focus on cities where we have significant presence. We will leverage data insights to enhance the effectiveness of the site selection. And we will track the latest battery swap technology to reduce average waiting time for drivers.

Advancing our technology to improve user experiences and increase operating efficiency

We will continue to invest in the development and iteration of vehicle intelligence technologies to enhance the cockpit experience for drivers and cabin experience for users. For drivers, we plan to introduce more driver assistance features. For users, we will continue to offer a personalized space with more upgraded interactive features. We will further invest in the AI algorithms and deep learning models of CaoCao Brain to enhance its data analysis and decision-making capabilities, which is expected to reduce wait times for passengers and drivers and enhance our operating efficiency through optimized incentive allocation. We will expand

BUSINESS

the coverage of our fleet management system aiming for optimal costs and maximum efficiency. We intend to refine the system based on the vehicle operation data we accumulate, which will also allow us to empower third parties more effectively.

Investing in autonomous driving technologies to seize future market opportunities

We plan to continue investing in transformative mobility technologies to advance our participation in autonomous driving development. On February 28, 2025, we launched CaoCao Smart Mobility, our autonomous driving platform, and announced the commencement of our robotaxi services in two pilot cities, Suzhou and Hangzhou. We will continue to invest in this platform to enhance our robotaxi operation capabilities, including order dispatch, route planning, resource allocation and asset maintenance. We will collaborate closely with Geely Group and our business partners to develop autonomous driving technology and purpose-built vehicles pre-installed with our proprietary autonomous driving components and related applications to ensure seamless compatibility with our autonomous driving platform, and expect to launch an L4 level robotaxi model fully designed for autonomous driving by the end of 2026. We will continuously expand our autonomous driving R&D team to strengthen our robotaxi operation and technological capabilities. Furthermore, we will look for opportunities to gradually expand our robotaxi coverage to more cities nationwide in order to accomplish the early-realization of large-scale robotaxi operation.

OVERVIEW OF OUR BUSINESS OPERATIONS

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

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

BUSINESS

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.

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

BUSINESS

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

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

BUSINESS

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.
- (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 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, a year when driver IPH generally decreased across the industry, as our increased scale and the resulting network effect ensured a high order density for drivers and as our ecosystem reduces vehicle TCO for drivers.

OUR ECOSYSTEM

We closely collaborate with Geely Group and introduced an ecosystem focusing on the supply side to change the shared mobility industry. This ecosystem differentiates us from other players in the market, featuring a growing fleet of purpose-built vehicles, a comprehensive suite of auto solutions, and CaoCao Smart Mobility, our autonomous driving platform.

Purpose-Built Vehicles

Our purpose-built vehicles are specifically designed for mobility service and consist of smart BEVs with both charging and battery swap capabilities. We operate two purpose-built vehicles, Maple 80V and CaoCao 60. As of December 31, 2024, we deployed a fleet of over

BUSINESS

34,000 purpose-built vehicles for our affiliated drivers, including over 18,000 Maple 80Vs and over 16,000 CaoCao 60s, in 31 cities in China, making our fleet of purpose-built vehicles the largest among ride hailing platforms, according to Frost & Sullivan. In 2024, we have also entered 85 new cities in collaboration with local car partners by selling them our purpose-built vehicles. We expect our purpose-built vehicles to account for an increasingly large share of our fleet.

While our purpose-built vehicles are manufactured by Geely Group, we deeply engage in their design, development, deployment, sales, and operations. We have accumulated in-depth understanding of the needs of passengers and drivers in shared mobility, as we have completed hundreds of millions of rides since our inception. We leverage these insights for the co-design and co-development of our purpose-built vehicles. As we deploy and operate these vehicles, we also receive first-hand feedback on the vehicle’s performance, and can thus continually iterate on our design philosophy. In January 2023, we established a subsidiary, or the PBV Co, dedicated to the design, development, sale, and marketing of purpose-built vehicles under the CaoCao vehicle brand.

We also collaborate with our car partners to deploy purpose-built vehicles in certain cities. Such collaborations enable us to leverage their valuable local know-how to scale up our operations efficiently without significant management burdens. We support our car partners with the sale and lease of our purpose-built vehicles as well as access to our proprietary fleet management system to digitalize their vehicle management efforts and improve their efficiency. See “—Our Technology—Fleet Management System.”

Our purpose-built vehicles are designed for, and open to, any mobility service provider in China. As the traditional taxi industry looks to upgrade their service offerings, we are well-positioned to leverage our purpose-built vehicles, with smart cabin features that support remote and digitalized management, as well as our vehicle fleet management capabilities, to facilitate the transformation of the industry. For a discussion of co-development of taxi and ride hailing services, see “Industry Overview—Overview of China’s Shared Mobility Market—Massive Market Size and High Growth Potential.”

Purpose-Built Vehicles



Maple 80V
(for premier mobility service)



CaoCao 60
(for express mobility service)

BUSINESS

First-Generation Model

The first-generation model, Maple 80V, is dedicated to our premier mobility service. We started operating Maple 80V in April 2022. We selected a mid-size electric MPV as our first model of purpose-built vehicles to tackle the challenges facing the industry.

Maple 80V provides drivers an attractive service tool for premier mobility. It uses a Geely battery swap architecture and also features shared mobility focused configurations. It has a low TCO of RMB0.53 per kilometer. For a comparison of vehicle TCO between Maple 80V and other typical vehicle models for shared mobility services, see “Industry Overview—Overview of China’s Shared Mobility Market—Mobility Operating Vehicles—TCO Comparison Among Shared Mobility Operating Vehicles.”

- *Battery Swap Architecture.* Maple 80V adopts a battery swap architecture which enables battery swaps within 60 seconds at any battery swap stations operated by Geely Group. Its batteries have a capacity of around 52-kilowatt-hour and can be charged from 30% to 80% state of charge within 30 minutes. For further details of TCO savings relating to our auto solutions, see “—Our Ecosystem—Auto Solutions.”
- *Shared Mobility Focused Configurations.* We simplify unnecessary configurations suitable for private-use vehicles and reallocate the budget based on prioritized functions that promote drivers’ comfort and productivity, such as driver rest mode and traffic heatmap assistance.

Despite its low TCO, Maple 80V offers users a spacious, intelligent, and safe ride experience.

- *Spacious.* Maple 80V is designed with extra backseat space and large trunk space for luggage. The vehicle has a wheelbase of 2,807 millimeters and a backseat headroom of 1,003 millimeters.
- *Intelligent.* Maple 80V affords users with direct control of their ride experience through our CaoCao Mobility app. Users can exercise control over in-cabin music, temperature, and ventilation, and enjoy free Wi-Fi.
- *Safe.* Maple 80V has built in abundant safety features. The cloud-based DMS detects driver fatigue and other cabin situations that may endanger the normal vehicle operations and send real-time vocal warnings, and the vision-based FCW system provides active protection against vehicle collision.

BUSINESS

Second-Generation Model

The second-generation model, CaoCao 60, was launched in March 2023. CaoCao 60 is the first vehicle model under the CaoCao vehicle brand, a brand we independently manage. We are deeply involved in the co-design and co-development of vehicles under the CaoCao brand and are fully responsible for such vehicles’ sales and marketing.

Within our platform, CaoCao 60 has been deployed for our express mobility service. With its deployment, we have full coverage by purpose-built vehicles of both express and premier mobility services.

CaoCao 60 is a compact electric crossover that adopts a more advanced battery swap architecture. Aiming towards express mobility service, the vehicle leverages our know-how from co-developing and deploying Maple 80V, and boosts the expansion of our ecosystem, with a TCO of RMB0.47 per kilometer.

- *Energy Consumption.* The energy consumption rate of CaoCao 60 is 6.3% lower than that of Maple 80V, as a result of the vehicle’s energy efficient heat pump air conditioning, improved aerodynamic design, industry-leading electric motor efficiency, and low rolling resistance tires.
- *Service Life.* CaoCao 60 is designed with extra durability and reliability. It is tested for use over 600,000 kilometers. It comes with a one-year or 150,000-kilometer vehicle warranty, a five-year or 500,000-kilometer warranty for battery, and an eight-year or 200,000-kilometer warranty for electric drive and electric control systems, significantly superior than other options in the market.
- *Driver-Care Features.* To further improve the working condition for drivers, CaoCao 60 features driver seat ventilation and electric, four-way adjustable lumbar support to care for long hours of operations, and 163-degree driver seat recline for quick rests throughout the day. It retains all the convenience features of Maple 80V, such as traffic heatmap assistance.
- *Upgraded Battery Swap Architecture.* The upgraded version supports the use of batteries with high energy density, long lifecycle, and extra safety.

CaoCao 60 offers users enhanced ride comfort and smart cabin features exceeding those from the same class.

- *Ride Comfort.* CaoCao 60 prioritizes user comfort in a compact SUV. It provides 975 millimeters of backseat legroom comparable to a large sedan, with MPV-level headroom and elbowroom. The backseat includes practical features such as foldable cup holders, USB chargers, and a clothes hanger. The oversized, 500-liter trunk has

BUSINESS

a 1,000-millimeter depth and 980-millimeter width, capable of holding two 28-inch suitcases or three 26-inch suitcases. The acceleration and regenerative braking are carefully tuned to avoid motion sickness.

- *Smart Cabin Features.* CaoCao 60 shares all smart cabin features of our Maple 80V, affording our users an intelligent ride experience that matches our premier service at a more affordable price.

Wheelchair-Accessible Vehicles

Leveraging our collaboration with Geely Group, we also deployed a wheelchair-accessible vehicle, the LEVC TX5, under the brand of Limao Mobility. Designed and manufactured by the London EV Company, a British company under the Geely Group, and used as taxis in London, the vehicle has now been brought to China to serve a new user base.

LEVC TX5 is a mid-size electric MPV, made to deliver a comfortable and convenient ride experience to users. It provides a generous rear compartment with flexible seating for up to six passengers, a panoramic roof creating a bright and spacious ambiance, independent touch controls that allow users to adjust settings including temperature and fan speed, a partition between the driver’s seat and the rear compartment to ensure privacy, and built-in two-way intercom to ensure clear communications between drivers and passengers.

The vehicle comes with various accessibility features, including a direct access ramp that can be swiftly deployed for wheelchair users or folded into the floorspace, a large door aperture for easy entry, a spacious interior with flexible seats that can be folded for additional space and built-in wheelchair restraints. In addition, the vehicle’s digital intercom features an induction loop for hearing aid users, allowing them to hear drivers clearly. The rear apartment’s control buttons are also braille-embossed, so that those with impaired vision can also easily use the various controls.

LEVC TX5



BUSINESS

Auto Solutions

In 2024, there were over 1.5 million vehicles that took orders from our platform. To support these vehicles, we have developed a comprehensive suite of auto solutions, including an extensive auto solution infrastructure operated by Geely Group, to support our vehicles and reduce vehicle TCO.

Energy Replenishment

We focus on battery swap as an efficient energy replenishment method for our purpose-built vehicles. As of December 31, 2024, our purpose-built vehicles were supported by a large and fast-growing network of 378 battery swap stations in 26 cities in China. We continually coordinate with the Geely Group to prioritize cities where we have significant operations for the expansion of their battery swap station network.

All of our purpose-built vehicles support battery swaps within 60 seconds at any of the battery swap stations while maintaining the battery charging capability. We have designed an efficient and convenient battery swap process for our purpose-built vehicles. The battery swap hardware architecture directly feeds to the vehicle’s software system and can be connected to our cloud-based data computing network and battery swap stations. Drivers can monitor the battery’s state of charge through the vehicle’s central control screen in real time and can be guided towards nearby battery swap stations when necessary. The battery swap station automatically detects the vehicle license plate upon arrival, directly assists the vehicle to complete the battery swap without requiring the driver to step out of the vehicle, and conducts a vehicle status check after the completion. Charges for the battery swap can be processed via CaoCao Mobility app after the driver leaves the battery swap station.

According to Frost & Sullivan, a mobility operating vehicle that supports battery swaps generally saves one hour per day for energy replenishment as compared to other mobility operating vehicles that supports charging only, which can translate to approximately RMB700 increased income per month.

Auto Servicing

We facilitated a network of 133 Geely-authorized auto servicing shops as of December 31, 2024, to provide cost-effective aftermarket maintenance and repair services to all of our vehicles. By the end of 2023, we have expanded our Transparent Servicing program to cover cities that generated most of our GTV in the year. The program empowers our auto servicing efficiency to further enhance drivers’ time and cost savings. We have established digitalized and standardized process management protocols to optimize and streamline the workflow. In 2023, the average maintenance and repair time and average maintenance and repair cost for our vehicles decreased by 25% and 54% on a year-over-year basis.

BUSINESS

As auto insurance cost accounts for a significant portion of the auto servicing cost, we have implemented a range of measures to reduce auto insurance cost for our fleet of vehicles. Our purpose-built vehicles’ intelligent safety features, including DMS that detects driver fatigue and FCW system that warns against vehicle collisions, further reduces accidents rate. We also incentivize drivers to refrain from dangerous driving behaviors by tying their order assignment priority to their driving safety habits. As of December 31, 2024, the annual insurance cost of our Maple 80V in one city had been lowered to approximately RMB5,800 per vehicle, whereas the average annual insurance cost of a typical mobility operating vehicle is over RMB10,000 per vehicle, according to Frost & Sullivan.

Autonomous Driving Platform

On February 28, 2025, we launched 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 is the latest product of our close collaboration with Geely Group, and combines our strengths as one of the largest ride hailing platforms in China with ample experience managing a large fleet of vehicles, and the strengths of Geely Group as a leading automotive-OEM and a frontrunner in the development of autonomous driving technologies. We believe these pooled resources give us a competitive edge in accomplishing the large-scale commercialization of robotaxi services, since doing so requires not only autonomous driving technologies but also strong control over the operating vehicles and extensive knowhow in the provision of ride hailing services.

In terms of operating vehicles, we have already had a track record of cooperating with the Geely Group to design and develop purpose-built vehicles suitable for the provision of ride hailing services. We intend to continue our collaboration in this regard, and currently plan to design and develop a vehicle model purpose-built for the provision of L4 level robotaxi services by the end of 2026. Our pilot robotaxi operations in Suzhou and Hangzhou currently make use of the Link Z10, a fully electric sedan pre-installed with autonomous driving components and applications and subsequently tailored for the provision of robotaxi services on our platform. We expect the next purpose-built vehicles to be pre-installed with all necessary autonomous driving components and applications for our robotaxi operations. We also intend to lower its TCO through, among others, the adoption of the battery swap structure, which can provide even more TCO savings to self-driving vehicles than it does for manned vehicles, since self-driving vehicles can operate for a substantially longer period of time. To improve user experience, we plan to design the vehicle’s interiors in a way that make full use of the space saved from having human drivers, while build in necessary safety features and communication channels that allow us to respond to passenger demand in real-time just like a human driver can.

Meanwhile, we will leverage our existing knowhow in the provision of ride hailing services to continue developing our capability to manage a large-scale robotaxi operation, including order dispatch, route planning, vehicle maintenance and repair, energy replenishment, customer service, emergency response, and many others. While we are already familiar with these processes in the context of providing traditional ride hailing services, we

BUSINESS

understand that the transition towards robotaxi will likely present new and unexpected challenges, and remain confident that we are well-positioned to iterate on our existing processes to develop a safe and efficient operating platform to move towards large-scale commercialization of robotaxi services.

The fact that our robotaxi ecosystem is closely integrated and consists solely of interest-aligned stakeholders within the Geely Group also means we can participate in the development of industry standards as a responsible service provider with a holistic point-of-view. As our ecosystem contains all crucial aspects of robotaxi operations, we believe we are a natural and convenient touchpoint for regulators to understand the latest developments of the robotaxi industry, and intend to collaborate closely with regulators to drive the development of the regulatory framework.

Our Collaboration with Geely Group

We collaborate closely with Geely Group throughout the vehicle lifecycle to develop our ecosystem.

Vehicle Design, Deployment, and Sales

We maintain a long-term strategic partnership with Geely Group that covers the design, deployment, and sales of our purpose-built vehicles. In January 2023, we established the PBV Co with Geely Group, dedicated to operating the CaoCao vehicle brand. The CaoCao vehicle brand is dedicated to shared mobility and distinguished from other brand names that sell private-use vehicles, which could increase our brand recognition.

We deeply engage in the co-design of purpose-built vehicles. Starting with Maple 80V, we leveraged our knowledge in the provision of online ride hailing services to independently design its smart cabin features. With the establishment of the PBV Co, we further strengthened our engagement in the co-design and co-development of CaoCao60, and had extensive control over various aspects of the purpose-built vehicle’s design, ranging from determining the overall bill of materials (BOM) cost to the choice of vehicle types and the selection of specific smart cabin features.

Through our collaboration with Geely Group, we are able to bring to market our purpose-built vehicles at a fast pace, and benefit from the mature vehicle production capability of Geely Group such as its stringent quality control. We place orders monthly with an automobile factory under Geely Group for the production of our purpose-built vehicles, which can then be transferred to our operating entities for use or sold or leased to third parties.

The PBV Co directly sells CaoCao 60 to our customers and is responsible for building the CaoCao brand and marketing our vehicles to potential customers. PBV Co determines its procurement volume based on business needs and is not subject to any minimum purchase requirement from Geely Group. Geely Group bears the warranty liability for CaoCao 60.

BUSINESS

Auto Solution Support

We support our purpose-built vehicles with battery swap stations under Geely Group and Geely-authorized auto servicing shops. We collect payments for battery swaps from drivers on behalf of Geely Group directly through the CaoCao Mobility app, and then transfer such payment in full to Geely Group. We also leverage centralized procurement by Geely Group to lower the overall spare part cost.

OUR SERVICE OFFERINGS

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 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%

Mobility Services

Under the brand of CaoCao Mobility, 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 brand go through separate trainings specifically designed for the brand.

BUSINESS

While other shared mobility platforms in the market allow a wide variety of vehicle models that naturally are difficult to deliver consistent user experience, our mobility services use a focused number of vehicle models to improve user experience. In particular, our premier mobility service is provided exclusively with Maple 80V and our Limao Mobility service is provided exclusively with LEVC TX5. Following the launch of CaoCao 60 in March 2023, we have also steadily increased the latest purpose-built vehicles’ penetration in our express mobility service, thereby enhancing the consistency of our quality of service.

All of our services are priced based on a variety of factors including the distance travelled for each trip, the vehicle model used, and the scarcity of available drivers. Our CaoCao Brain utilizes big data analytics capabilities to predict future supply and demand, and price user requests and deploy user incentives intelligently to optimize the order dispatch process. For more details, see “—Our Technology—CaoCao Brain.” In 2022, 2023, and 2024 the average GTV per kilometer of our ride hailing service (including user incentives) was RMB3.25, RMB3.22, and RMB2.99, respectively, and the average GTV per minute of our ride hailing service (including user incentives) was RMB1.49, RMB1.55, and RMB1.54, respectively.

The following table sets forth our GTV from mobility services during the Track Record Period and a breakdown by vehicle types to show the increasing penetration rate of our purpose-built vehicles. For a further breakdown of GTV from purpose-built vehicles and other vehicles by our driver type, see “—Our Drivers—Our Driver Base”.

	For the Year Ended December 31,					
	2022		2023		2024	
	(RMB in millions, except percentages)					
GTV						
Purpose-built vehicles						
(all BEVs)	469.5	5.3%	2,458.1	20.1%	4,254.3	25.1%
Others:						
– BEVs	7,007.7	78.9%	8,578.0	70.2%	11,345.2	66.9%
– ICEVs	1,406.9	15.8%	1,177.5	9.6%	1,353.6	8.0%
Subtotal of others	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%

BUSINESS

As of December 31, 2024, we had an extensive network over 136 cities in China, currently focusing on tier-one and tier-two cities. We do not excessively rely on individual cities. The GTV from the top ten cities in which we operate in 2024 accounted for 60.2% of our total GTV in 2024. The following table sets forth our GTV during the Track Record Period by city tiers.

	For the Year Ended December 31,					
	2022		2023		2024	
	(RMB in millions, except percentages)					
GTV						
First-tier cities	2,322.7	26.1%	4,415.4	36.1%	6,024.1	35.5%
Second-tier cities	6,320.5	71.1%	7,558.0	61.9%	9,846.6	58.1%
Others	240.9	2.7%	240.2	2.0%	1,082.5	6.4%
Total	8,884.1	100.0%	12,213.6	100.0%	16,953.1	100.0%

We receive orders from individual users through our own channels or in partnership with established aggregation platforms including Amap and Meituan. In particular, we operate the CaoCao Mobility app, Limao Mobility app, and mini-programs on WeChat and Alipay for both CaoCao Mobility and Limao Mobility, all of which enable users to book our rides online. Our Limao Mobility vehicles also operate as taxis and take offline orders. In addition, we serve corporate customers and their employees primarily through our CaoCao Enterprise app and Limao Enterprise app.

Our Collaboration With Aggregation Platforms

We collaborate with aggregation platforms, including players that also directly provide ride hailing services, for a substantial portion of our GTV. In 2022, 2023, and 2024, the GTV of orders that we received from aggregation platforms were RMB4.4 billion, RMB8.9 billion, and RMB14.5 billion, representing 49.9%, 73.2%, and 85.4% of our total GTV for the respective period. We substantially increased our collaboration with aggregation platforms since 2023 as it allows us to receive significant user traffic and dedicate more of our management efforts to improving our quality of service and brand recognition. In addition, serving the large number of orders from aggregation platforms enables us to maintain a dense fleet of vehicles across cities, which is critical in achieving timely pick-up and great riding experience for our core users who place orders through our own channels. Furthermore, in recent years, there has been an industry-wide trend for shared mobility platforms to enhance their collaboration with aggregation platforms, according to Frost & Sullivan.

BUSINESS

Material Terms of Our Agreements with Aggregation Platforms

We negotiate our service agreements with aggregation platforms on a case-by-case basis. Under such agreements:

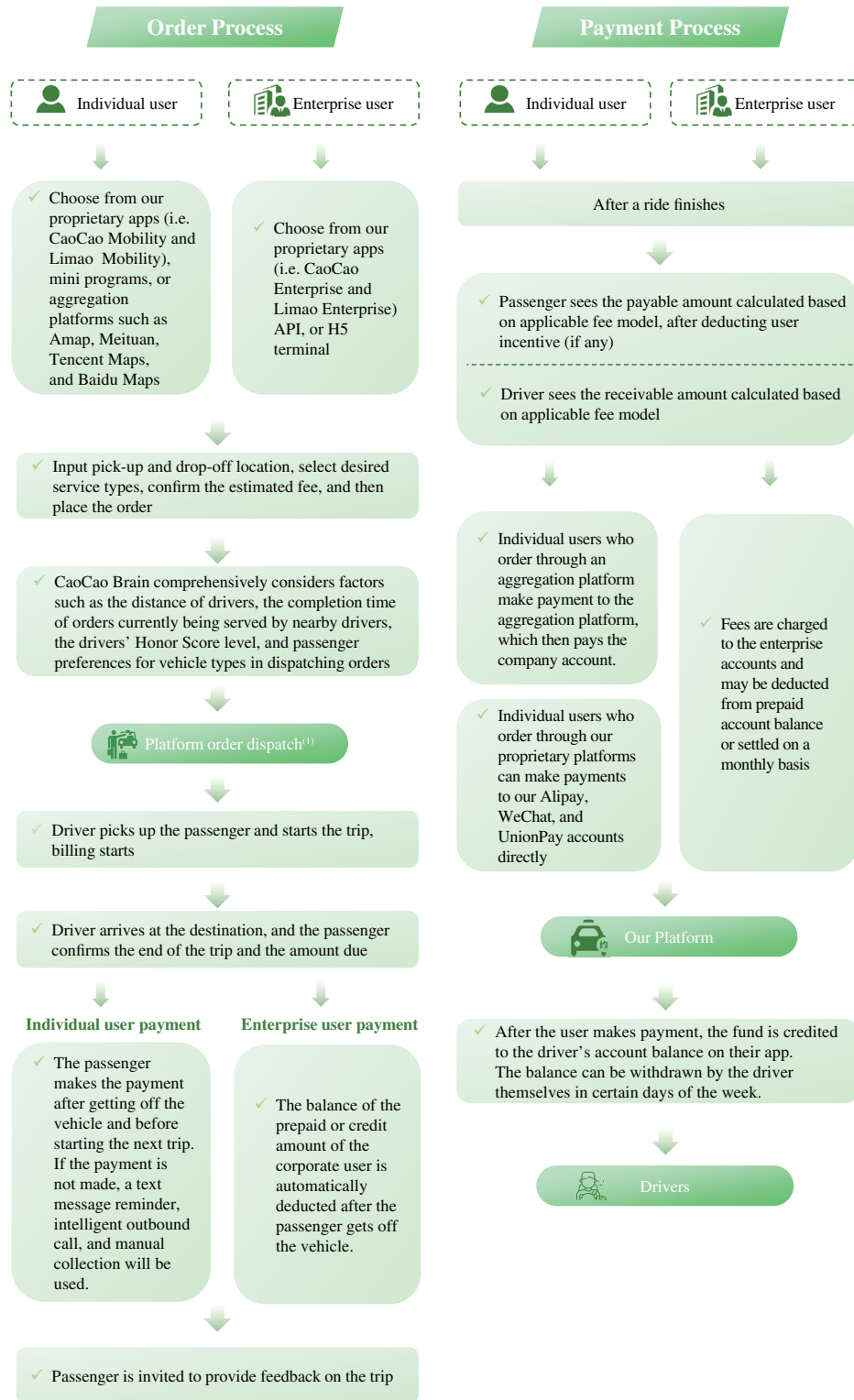
- We typically pay the aggregation platforms commission fees based on the amount of user traffic they facilitate. In 2022, 2023, and 2024, the commission fees we paid to aggregation platforms accounted for 7.3%, 7.5%, and 7.2% of the GTV they facilitated, respectively.
- The terms of our agreements typically last for one year and can be renewed with mutual agreement. The agreements are terminated if not renewed at expiration, and can be terminated by either party unilaterally with a 30-day advance notice.
- We are typically responsible for resolving any driver-passenger disputes arising from the orders facilitated by the aggregation platforms. In 2022, 2023, and 2024, the total number of driver-passenger disputes on our platform, measured by the number of passenger complaints, were 941.9 thousand, 911.9 thousand, and 979.9 thousand respectively. Among these disputes, those arising from orders facilitated by aggregation platforms were 472.1 thousand, 656.7 thousand, and 731.9 thousand, respectively. All of our passenger complaints raised in 2022, 2023, and 2024 have been duly settled.
- In the event that an aggregation platform is held liable or subject to administrative penalties as a result of an accident during our order fulfillment, or that an aggregation platform suffers any economic loss in relation to our system or service issues (such as when a passenger disputes the fee or service quality of our rides and causes expenses to the aggregation platform), the aggregation platform is typically entitled to recover from us any economic loss. During the Track Record Period, aggregation platforms that we collaborated with have recovered such losses.

Our Service Delivery

We aim to provide simple and convenient service to our users regardless of whether they order through our proprietary apps and mini-programs or through aggregation platforms. Our users can quickly place orders for rides by inputting their destinations and selecting desired service types with the aggregation platforms that we collaborate with, or with our apps and mini-programs. Once we receive such orders, our standardized matching algorithm automatically identifies nearby drivers to fulfill the orders. The algorithm is capable of efficient matching of supply and demand. In 2022, 2023, and 2024 our order response rate, which measures the percentage of user requests accepted by drivers, was 87.4%, 88.4%, and 88.1%, respectively. After a ride concludes, we receive payments for the ride after the user confirm the ride’s completion. If the user does not confirm the ride’s completion, we send reminders through text messages and phone calls, and may suspend a user’s ability to place future orders if we detect malicious behavior. After user payment is received, we credit the corresponding compensation to our driver, which is determined based on the ride’s fare and passenger and driver incentives. The compensation is credited to our drivers’ account on their apps, and can be withdrawn in certain days of the week up to three times a week. Our drivers typically withdraw the funds on a weekly basis.

BUSINESS

The following diagrams illustrate our order and payment processing procedures.



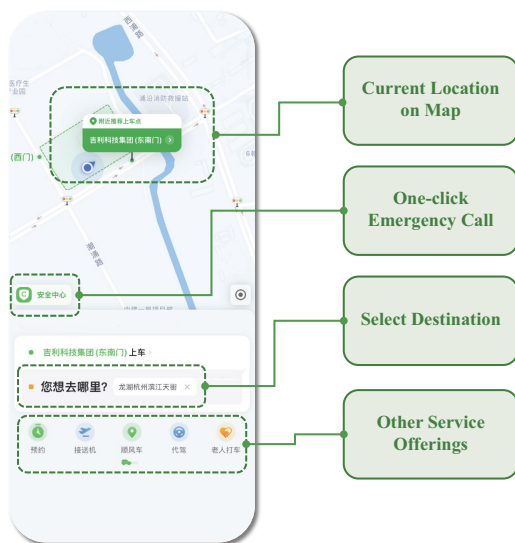
Note:

(1) When the platform dispatches orders, there is no difference between affiliated drivers and car-partner drivers.

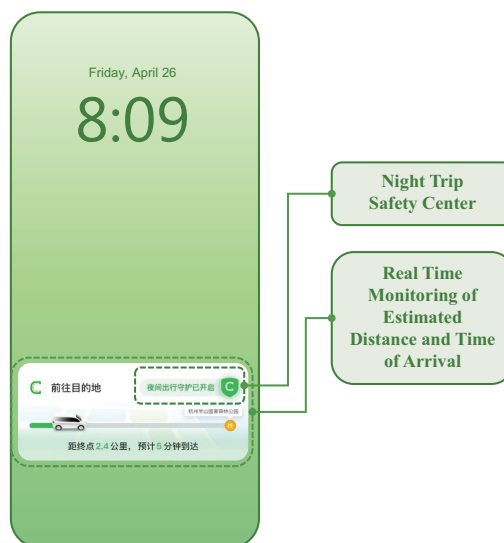
BUSINESS

Users who place orders with us through our apps or mini-programs can expect more features to improve their ride experience. For example, with our CaoCao Mobility app, we have designed a dedicated smart cabin feature interface where users can easily see and try out all of our smart cabin features before entering our vehicles. We have designed a one-click emergency call button to ensure user safety. We also integrate access to our other services, such as airport pick-up and drop-off, at the bottom of our app screen. We have launched a membership program through our app and designed various programs to engage our members. For example, we have implemented a tiered membership system where members can accumulate points based on their orders and join higher tiers that give extra rewards. Users automatically become members after they place orders with us through our app or mini-program, without having to pay any extra membership fee. As of March 31, 2025, we had a total of 3.9 million active members. The following diagrams illustrates the CaoCao Mobility app, its lock screen pop-up, and smart cabin feature interface.

CaoCao Mobility App

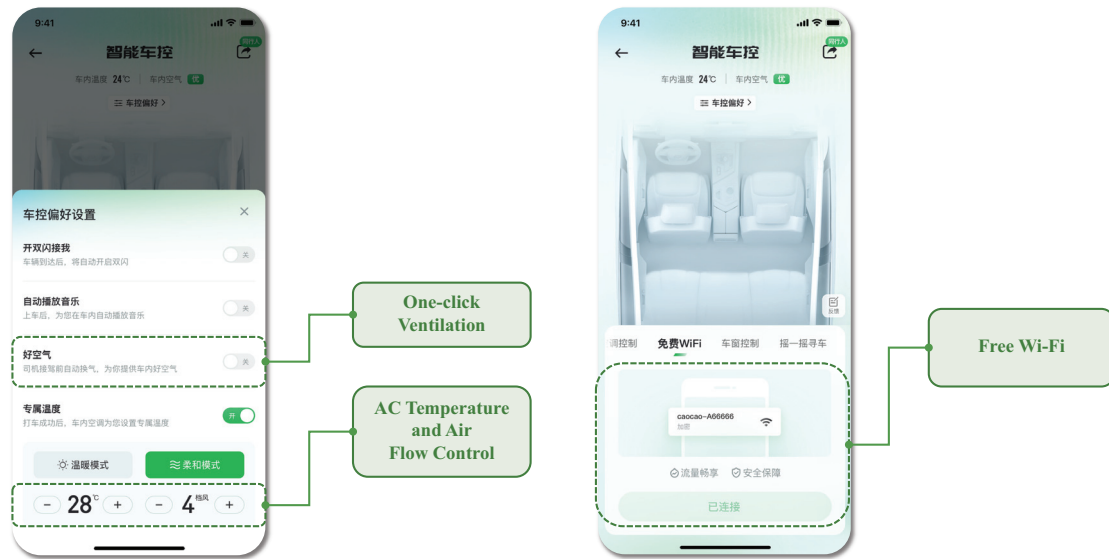


Lock Screen Pop-up



BUSINESS

Smart Cabin Feature Interface



Our Enterprise Solutions

We also provide enterprises with a one-stop solution for managing the business rides of their employees when they ride with us. Enterprises and their employees get access to our proprietary apps, CaoCao Enterprise and Limao Enterprise, which are multi-purpose, convenient, and intelligent platforms that allow employees of our corporate customers to directly book rides. With our apps, enterprise administrators can easily set ride parameters, keep records, and request rides for conference attendees.

Our corporate customers include online platforms such as travel booking platforms, key accounts such as large internet companies, and small and medium-sized enterprises. We sign individual contracts with online platforms and key accounts, while small and medium-sized enterprises directly register for accounts on our apps and adopt our template service agreement. We usually enter into agreements with an initial term of one year, which is automatically renewed for equal and successive periods unless either party provides a thirty-day advance notice. We usually require our corporate customers to make monthly payments.

We have been serving enterprises since 2016 and have accumulated significant experience and customer goodwill. As of December 31, 2024, we had served over 13,500 enterprises and completed over 131 million rides for over 11 million employee users.

BUSINESS

Our Deployment of Purpose-Built Vehicles

We operate two purpose-built vehicles, Maple 80V and CaoCao 60. In 2022, 2023, and 2024, purpose-built vehicles contributed 5.3%, 20.1%, and 25.1% of our total GTV and fulfilled 4.8%, 18.9%, and 25.0% of our total orders. As of December 31, 2022 and 2023 and 2024, purpose-built vehicles accounted for 28.6%, 50.7%, and 64.0% of our affiliated vehicles, meaning vehicles we own which are mostly provided to our affiliated drivers and sometimes leased to car partners.

Maple 80V

As of December 31, 2024, we deployed a fleet of over 18,000 Maple 80V in 22 cities. In 2022, 2023, and 2024, the vehicle completed a total of 18.5 million, 66.7 million, and 78.3 million orders, respectively, and generated a GTV of RMB469.5 million, RMB1,984.6 million, and RMB2,324.2 million, respectively. The AOV of rides completed by Maple 80V was RMB25.4, RMB29.8, and RMB29.7 in 2022, 2023, and 2024, respectively.

CaoCao 60

As of December 31, 2024, we deployed a fleet of over 16,000 CaoCao 60 in 25 cities. In 2023 and 2024, the vehicles completed a total of 17.9 million and 71.3 million orders, respectively, and generated a GTV of RMB473.5 million and RMB1,930.0 million, respectively. The AOV of rides completed by CaoCao 60 was RMB26.4 and RMB27.1 in 2023 and 2024, respectively.

Vehicle Leasing

We lease vehicles primarily to our car partners to increase our platform’s service capacity. Our car partners independently held and managed the vehicles and supplied them to our platform and sometimes to other shared mobility platforms. We had vehicle leasing revenue of RMB101.1 million, RMB150.6 million, and RMB187.1 million in 2022, 2023 and 2024, respectively.

Vehicle Sales

Before 2023, we occasionally sold vehicles purchased from Geely Group to our car partners as a part of our collaboration. We have vehicle sales revenue of RMB32.2 million in 2022.

Starting in 2023, we sold purpose-built vehicles through the PBV Co and placed greater strategic focus on vehicle sales. Our target customers include our car partners, third-party fleet operators (businesses that supply vehicles and drivers to shared mobility platforms other than us), individual drivers, and other businesses engaging in mobility services. We believe that there is a sizable market for mobility operating vehicles, and we are well-positioned to compete for this market given our unique strengths in designing and operating purpose-built vehicles.

BUSINESS

For details of the shared mobility vehicle market, see “Industry Overview—Overview of China’s Shared Mobility Market—Mobility Operating Vehicle—Market Opportunities for Mobility Operating Vehicle Sales”. In 2023, our vehicle sales increased modestly as we primarily provided our purpose-built vehicles to our own drivers while selling some vehicles externally. In 2024, our vehicle sales increased significantly as we dedicated a greater proportion of our purpose-built vehicles for external sales. In addition, we entered 85 new cities in collaboration with local car partners under an asset-light model, whereby instead of holding vehicles ourselves we sold purpose-built vehicles to the car partners. We had vehicle sales revenue of RMB114.6 million and RMB866.8 million in 2023 and 2024, respectively.

OUR USERS

We have built a dedicated and growing user base. In 2022, 2023, and 2024, our average monthly active users reached 13.5 million, 19.2 million, and 28.7 million, respectively.

User Acquisition and Retention

Our users request rides through our own platforms, including our apps and mini-programs on WeChat and Alipay, and through various aggregation platforms. Our partnership with aggregation platforms helps us get access to a large amount of user traffic without having to spend excessively on promotions. As a result, we have a keen focus on the quality of service that we deliver to our users, and compete to attract and retain users based on our quality of service.

User Safety

We believe the safety of our users is of utmost importance. We have been relentlessly enhancing security measures to provide users with peace of mind. In 2022, 2023, and 2024, the accident rate of our orders were 83, 45, and 37 accidents per million orders completed, respectively. In particular, accidents that resulted in injuries or fatalities accounted for 12.2%, 15.4%, and 14.8% of the total number of traffic accidents during the respective periods. In 2022, 2023, and 2024, we were held liable for RMB9.5 million, RMB8.4 million, and RMB33.7 million of monetary damages as a result of lawsuits related to traffic accidents involving our orders after accounting for our insurance coverage. We recorded a higher amount of monetary damages in 2024 as a few lawsuits that involved relatively high monetary claims and related to traffic accidents in 2022 and 2023 were not concluded until 2024 and we settled the resulting monetary damages in 2024. As of the Latest Practicable Date, we were involved in 105 unresolved safety incidents related to orders on our platform that have resulted in or may result in lawsuits against us. Based on the information we currently have, we expect to incur compensation expenses of around RMB40.9 million as a result of these safety incidents after accounting for insurance coverage as all these incidents get resolved.

To the best of our Directors’ knowledge, during the Track Record Period and up to the Latest Practicable Date, there has not been any material incident of malicious violent crimes perpetrated during the fulfillment of orders on our platform. Considering the accident rate of

BUSINESS

our orders which is lower than industry average, our Directors are of the view that our safety measures are effective and comparable, if not better, than those adopted by our peers. Having considered the independent due diligence work conducted by the Joint Sponsors which included (i) discussion with the Company to understand, among others, the safety measures adopted by the Company, any safety incidents as well as claims or legal proceedings against the Company in connection with safety incidents during the Track Record Period and up to the Latest Practicable Date; (ii) a review of the supporting documents for the Company’s safety measures; (iii) discussion with Frost & Sullivan to understand that the accident rates of the Company’s vehicles are much lower than the industry average in the Track Record Period and the safety measures adopted by the Company are comparable with those adopted by its peers; (iv) interviews with drivers, car partners and users to understand safety measures taken by the Company and the measures adopted by the Company to handle safety incidents, among others; and (v) conducting background searches and obtaining a list of ongoing litigation of the Company and its subsidiaries and discussing with Company and Company’s PRC Legal Advisor to understand that there have not been any material incident of malicious violent crimes perpetrated during the fulfillment of orders on the Company’s platform, nor have there been any accidents resulting in material claims during the Track Record Period and up to the Latest Practicable Date, nothing has come to the attention of the Joint Sponsors that would cause them to reasonably cast doubt on the Directors’ view that the Company’s safety measures are effective and comparable, if not better, than those adopted by its peers.

The specific safety measures that we have adopted include the following:

- *Technology-Enabled Safeguards.* Built on the foundation of our in-vehicle cameras, cloud-computing capabilities, and big data analytics, we are able to accomplish the real-time monitoring of a portion of our drivers to identify dangerous driving behaviors such as driver fatigue and distraction, and send timely reminders such as audio warnings. In December 2024, a substantial majority of our affiliated vehicles are equipped with in-vehicle cameras and thus possess real-time monitoring capabilities, and we expect to replace the remaining vehicles with our purpose-built vehicles, all equipped with in-vehicle cameras, by 2026. These cameras are not legally required to be installed and not all our car-partner vehicles have these cameras. To ensure that our use of in-vehicle cameras comply with PRC data security and personal information protection laws and regulations, (i) we inform our users of the rules for collecting and utilizing in-vehicle video record and obtain their authorizations, (ii) the in-vehicle video records are stored in the cameras by default and only permitted to be accessed through an internal approval process in limited scenarios explicitly explained to users, and (iii) we adopt data desensitization technology for the users’ personal information contained in in-vehicle video records, such as facial image, when such records need to be transferred to our platform. The cameras are turned on whenever the relevant vehicles are in operation (regardless of whether a trip is ongoing), but we adopt strict controls whenever video records need to be retrieved and reviewed. Through internet of vehicles (IOV) technology, we can also track the locations of each of our vehicles to ensure that they do not deviate from the original route. Once deviations are detected, our app for drivers

BUSINESS

automatically prompts drivers to input reasons for the deviation for our review. Facial recognition system is also installed on our app for drivers to ensure the vehicles are driven by the registered drivers.

- *Safety and Emergency Response Management System.* We have established a comprehensive and standardized safety and emergency response system, directly overseen by our safety management committee led by our chief executive officer, Mr. Xin Gong. Our safety and emergency response system governs all stages of our business cycle and set boundaries for our operations to operate in a safe and compliant manner. We conduct standardized management system audits every quarter to timely detect and solve safety risk issues.
- *Safety Center on CaoCao Mobility App.* We have developed a complete safety center on the CaoCao Mobility app, which includes pre-trip itinerary sharing, emergency contacts set-up, one-click alarm function in case of emergency during the trip, and a safety column where we regularly post safety reminders to enhance users’ safety awareness. A user can easily click on the one-click alarm function to call the police at any time during a trip, and after the call is made we also (i) share the ride’s itinerary with the user’s emergency contact and (ii) if requested by the police, provide trip information including driver and vehicle information as well as current vehicle location to the police.
- *Screening, Training, and Assessment of Drivers.* We have formulated strict procedures and criteria for recruiting drivers on our platform. Applicants should, among others, have driving experience of no less than three years, good driving records, and be eligible to apply for the Online Ride Hailing Driver’s License. We have also established a complete safety training system for drivers, which covers onboarding training and ongoing trainings with a stipulated minimum time requirement and assessments. We also set up blocking mechanism to restrict drivers from accepting orders before completing the required safety trainings.

During the Track Record Period and up to the Latest Practicable Date, we had not encountered any accidents resulting in material claims.

User Service

We have a keen focus on user experience. We have established standardized service protocols, and implemented comprehensive review processes to timely identify areas of improvements. We continuously monitor the NPS of our mobility services. In addition, we leverage technologies to enhance our service quality. In 2023, we launched an intelligent algorithm for our in-vehicle cameras which allowed us to automatically evaluate whether our drivers meet certain of our service requirements such as our dress code. The implementation of the algorithm enhanced the coverage and effectiveness of our driver review systems and reduced the need for manual reviews.

BUSINESS

Our CaoCao Mobility app has various built-in functions to provide convenient customer service. For example, if our users forget their personal belongings in the vehicles, they can contact their drivers and request specific delivery methods within the app. Users can conveniently rate their drivers and file complaints in the app. User complaints are processed with a technology-enabled complaint handling system, where our smart algorithms combined with our in-vehicle cameras enable prompt assessments of responsibilities, subject to review by our customer service team. We receive user complaint from our apps, dedicated hotline, Weibo and Wechat account, and various other channels, and have established detailed protocols and standards for user complaint handling. In general, for user complaint received, we start by opening a ticket and conducting fact-findings. If we identify driver misbehavior during the fact-finding process, the finding is transmitted to the driver management team for appropriate actions. Meanwhile, we inform the user with our proposed solutions. If the user thinks the solution is not acceptable, the ticket will be escalated to more senior team members until we work out a solution acceptable to the user. After a user confirms acceptance of the solution, the ticket is closed, although we also arrange for a call-back some time after the ticket is closed to check whether the user has further feedback. In addition to the above general protocol, we are able to breakdown user complaints into specific categories and have developed detailed solutions tailored for each type of user complaint. Thanks to our continual efforts at improving service quality, the user complaint rate under CaoCao Mobility, measured as the number of complaints we receive divided by the number of orders completed, has decreased from 0.24% in 2022 to 0.20% in 2023 and 0.16% in 2024. In 2022, 2023, and 2024, we received a total of 941.9 thousand, 911.9 thousand, and 979.9 thousand user complaints, all of which have been duly settled.

We also have a dedicated hotline to assist our less tech-savvy users such as elder users in ordering ride hailing service. Users can simply call the hotline and inform our customer service team their pick-up locations and destinations, and our customer service team will book the rides on their behalf. With our wheelchair-accessible vehicle, LEVC TX5, we also provide barrier-free mobility services in certain cities.

OUR DRIVERS

Our Driver Base

We have a large driver base to fulfill the demands of our users, which may be categorized as (i) our affiliated drivers, meaning those who use vehicles provided by us and dedicate all or substantially all of their service time fulfilling orders on our platform, and (ii) our car-partner drivers, meaning those who use vehicles provided by our car partners or vehicles they own themselves and typically spend a relatively smaller portion of their time fulfilling orders from our platform.

- We provide our affiliated drivers with vehicles for their operations, deduct fees for the use of our vehicles from the compensations paid to affiliated drivers, and cover the vehicles' insurance cost and maintenance and repair cost in most circumstances. Specifically, each driver has on the CaoCao Driver app an account that includes their

BUSINESS

earnings which can be withdrawn, and we deduct from this account fees for the use of vehicles on a weekly basis. The amount of fees deducted for vehicle use is determined based on the cost of the vehicles, our expected returns for holding the assets, and incentive programs for drivers, with the latter two factors adjusted for city-level market conditions. Across all cities where we have operations, the vehicle use fee generally ranges between RMB2,500 and RMB5,000 per month. We encourage these drivers to take more orders from our platform as opposed to other platforms through various measures, although our service agreement with them does not require platform exclusivity. For example, our vehicle use agreement with drivers typically require them to generate a minimum amount of GTV per month on our platform or be subject to monetary penalties. In addition, our “honor score” driver evaluation system prioritizes order assignment to drivers that, among others, complete more orders, thereby incentivizing affiliated drivers to keep taking orders on our platform after meeting the GTV requirement. Furthermore we assign group leaders among our affiliated drivers who are responsible for, among others, encouraging group members to take more orders. To our knowledge, substantially all of our affiliated drivers spend most if not all of their working hours taking orders from our platform. The affiliated drivers are recruited through driver referrals, online advertisement placements, and collaboration with professional agencies.

- Instead of using vehicles we provide, our car-partner drivers use vehicles provided by our car partners or their own vehicles. In 2024, individual drivers that used their own vehicles contributed 5.9% of the GTV generated by car-partner drivers. We do not deduct fees related to vehicle use from our car-partner drivers’ compensations, and are not responsible for their vehicles’ insurance or maintenance and repair. The car-partner drivers generally spend a larger portion of their time taking orders from other platforms. As we lease and sell vehicles to our car partners, some of our car-partner drivers also use vehicles that our affiliated drivers typically use.

The CaoCao Brain dynamically adjust the earnings and incentives provided to our drivers including both affiliated and car-partner drivers, across all the cities where we have operations, and across different aggregation platforms. The earnings and incentives are adjusted in order to optimize the matching between passengers and drivers, increase the number of orders accepted by drivers, and thus increase the income per hour of our drivers. Our 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 our drivers’ average income per hour 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 2022, 2023, and 2024, we paid RMB0.85, RMB0.50, and RMB0.70 of incentives per order to our drivers.

BUSINESS

All of our drivers are independent contractors. Before the Track Record Period, certain drivers under the brand of CaoCao Mobility were employed under labor contracts. All of these drivers were converted to independent contractors by the end of 2022. Their status was converted since (i) it afforded the drivers greater flexibility to choose which platform to work with, when to work, and when to receive their compensation, and (ii) we were able to adjust their compensation structure to incentivize greater productivity. Under the independent contractor service agreement, drivers were no longer required to work full time and only take orders on our platform, nor are they compensated with monthly salaries. The change in status and compensation structure generally incentivized greater productivity of the drivers, which positively contributed to our business and financial performance. Our PRC Legal Advisor is of the view that the drivers will not be regarded as dispatched labors under applicable PRC laws and regulations.

The following tables set forth a breakdown of our active drivers during the Track Record Period.

For the Year Ended December 31,						
	2022		2023		2024	
(in thousands, except percentages)						
Average monthly						
active drivers⁽¹⁾	233.6	100.0%	297.2	100.0%	466.1	100.0%
Affiliated drivers	38.3	16.4%	35.1	11.8%	35.3	7.6%
Car-partner drivers	195.4	83.6%	262.2	88.2%	431.0	92.5%
Total active drivers⁽¹⁾	600.1	100.0%	699.9	100.0%	1,488.5	100.0%
Affiliated drivers ⁽²⁾	60.2	10.0%	56.8	8.1%	59.6	4.0%
Car-partner drivers	544.2	90.7%	648.4	92.6%	1,434.8	96.4%

Notes:

- (1) For a given year, the number of active drivers may be lower than the sum of active affiliated drivers and active car-partner drivers, as changes in driver status within a period may lead to double counting.
- (2) The number of total active affiliated drivers decreased from 2022 to 2023 as we slightly reduced our geographical coverage in terms of number of cities covered to focus on growing our market share in a core group of cities. We began expanding our geographical coverage in 2024.

BUSINESS

The following table sets forth a breakdown of our active vehicles during the Track Record Period. Affiliated vehicles refer to vehicles we own, most of which are provided to affiliated drivers and some are leased to car partners. Car-partner vehicles refer to vehicles owned by car partners or by car-partner drivers themselves.

	For the Year Ended December 31,					
	2022		2023		2024	
	(in thousands, except percentages)					
Total active vehicles ⁽¹⁾	644.5	100.0%	733.1	100.0%	1,501.5	100.0%
Affiliated vehicles	53.2	8.3%	54.1	7.4%	46.2	3.1%
Car-partner vehicles	592.5	92.0%	682.1	93.1%	1,457.1	97.0%

Note:

- (1) For a given year, the number of active vehicles may be lower than the sum of active affiliated vehicles and active car-partner vehicles, as changes in vehicle status within a period may lead to double counting.

In 2022, 2023, and 2024, the daily average idle rates among affiliated vehicles, which measures the average percentage of affiliated vehicles that were ready for operation but were not provided to affiliated drivers for use in each day of the respective periods, were 11.2%, 13.6%, and 14.3%, respectively. The idle rate generally remained stable throughout the Track Record Period, although it increased in 2024 as our teams responsible for vehicle management took on the additional role of selling vehicles to car partners when entering new cities and thus could only commit less time on distributing vehicles to affiliated drivers. We routinely monitor the idle rate among affiliated vehicles to ensure efficient utilization of the assets, and expect it to remain generally stable going forward. The idle vehicles are housed in leased warehouses.

The following table sets forth a breakdown of our GTV from mobility services by driver type. While the proportion of affiliated drivers among all active drivers is relatively small, their GTV contribution is higher proportionally, since affiliated drivers generally spend a much larger portion of their time taking order from our platform instead of from other platforms.

	For the Year Ended December 31,					
	2022		2023		2024	
	(RMB in millions, except percentages)					
GTV						
Affiliated drivers	4,000.2	45.0%	4,526.4	37.1%	4,702.7	27.7%
Car-partner drivers	4,883.9	55.0%	7,687.2	62.9%	12,250.4	72.3%
Total	8,884.1	100.0%	12,213.6	100.0%	16,953.1	100.0%

BUSINESS

We differentiate our service offering with purpose-built vehicles. Currently, we have provided a significant portion of our affiliated drivers with purpose-built vehicles, although some still use non-purpose-built vehicles. In 2022, 2023, and 2024, purpose-built vehicles contributed 5.3%, 20.1%, and 25.1% of our total GTV, respectively. Going forward, we expect to continue increasing the penetration of purpose-built vehicles, by (i) providing all of our affiliated drivers with purpose-built vehicles and (ii) selling purpose-built vehicles to car partners as we enter into new cities. The following table sets forth a breakdown of our GTV from purpose-built vehicles and non-purpose-built vehicles by driver type.

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

Our Car Partners

Our car partners supply us with drivers and vehicles to take orders from our platform, including orders placed through aggregation platforms, in exchange for a management service fee that is proportional to the GTV their drivers generate. The car partners independently manage drivers and vehicles. Our collaboration with car partners enables us to increase the service capacity of our platform in a cost-effect way, efficiently scale up our operations, and enjoy increased economies of scale and improved profitability. 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. In 2022, 2023, and 2024, we paid a total of RMB133.7 million, RMB192.0 million, and RMB308.9 million of commission fees to our car partners, respectively.

BUSINESS

We also sell or lease vehicles to some of our car partners. For details of our vehicle sales and vehicle leasing business, see “—Our Service Offerings—Vehicle Leasing” and “—Our Service Offerings—Vehicle Sales.” In connection with our vehicle sales to car partners, we provided rebates if certain criteria were met according to the sales contracts. In 2022, 2023, and 2024, we paid a total of RMB0.6 million, RMB3.9 million, and RMB4.5 million in rebates, respectively.

We closely monitor the quality of service provided by drivers and vehicles managed by our car partners, and dynamically adjust the size of our management service fee based on our car partners’ quality of service. We provide periodic and regular safety trainings to our car partners and car-partner drivers to ensure they uphold our high safety standard. Our collaboration agreement with car partners typically include the following material terms.

- *Compliance.* Our car partners are responsible for ensuring that the drivers and vehicles they supply meet the local regulatory requirements and possess the required permits and licenses. If we are fined as a result of any non-compliance of the drivers and vehicles supplied by our car partners, our car partners may directly settle the fines or we will settle first and recover such fines from the corresponding car partners. In 2022, 2023, and 2024, we recovered RMB4.1 million, RMB0.5 million, and RMB1.4 million of fines from our car partners. The amount in 2022 was high as a group of our car partners had liquidity issues when they received fines, and we helped them settle the fines first before subsequently recovering the amount.
- *Insurance.* Our car partners should ensure that the vehicles they provide have purchased proper insurances, including the statutory automobile liability insurance, third-party liability insurance, passenger accident liability insurance, and others, and are responsible for any loss we incur in relation to their failure to purchase these insurances. To enforce compliance with this provision, we also require car-partner drivers to upload proof of their vehicles’ insurances before they can register on our platform to take orders.
- *Provision of order information.* We are responsible for providing authentic, accurate, complete, and timely information regarding the orders that we receive from our users, and will timely notify our car-partner drivers whenever an order is changed or cancelled. We also provide our car partners with certain information on the car-partner drivers including their service time on our platform, number of order fulfilled, and user evaluations, etc.
- *Service quality control.* Our car partners agree to arrange for their drivers to attend our safety trainings and to study our service agreement with drivers, which sets out our expectations for the quality of service to be provided. Any order completed by car-partner drivers that involved a violation of our service agreement with drivers will not count towards the calculation of the management service fee that we pay to the car partners.

BUSINESS

- *Operation liabilities.* If any accidents occur as a result of our car-partner drivers’ fulfillment of our orders, including traffic accidents that caused harm to users, drivers, third parties, or the vehicles, and we receive administrative penalty as a result of the accidents, we are entitled to recover all relevant losses from the corresponding car partners.

We work with a large number of car partners and do not face concentration risks. In 2022, 2023, and 2024, the GTV attributable to our five largest car partners accounted for 7.8%, 6.9%, and 6.5% of our total GTV, respectively. To the best of our knowledge, save for acting as our car partners, none of our car partners have any past or present relationship (including, without limitation, family, business, financing, trust or otherwise) with us or our subsidiaries, provided that our controlling shareholder, Mr. Li, also controls a number of companies under the Geely Group which may has business relationships with our car partners beyond our knowledge. Regardless, we undertake to treat our car partners equally and will not grant favorable terms to car partners if they have relationship with us, our subsidiaries, or other companies controlled by Mr. Li.

Driver Management

We adopt a transparent “honor score” system for our drivers under the brand of CaoCao Mobility, under which drivers are more likely to receive orders if they perform well against our evaluations in terms of their quality of service and ride safety. Quality of service is measured by a number of criteria including user ratings, user complaint rate, driver cancellation rate, among others. Ride safety is measured by compliance status including the requisite licenses and permits and the frequency of the driver’s dangerous or illegal driving behavior.

We have developed and continually improve a unique driver evaluation process. We recruit volunteers from our platform users through cell phone messages. Users who apply need to pass certain trainings and exams to become qualified. They then evaluate the service quality of our drivers from several dimensions, including the maintenance of satisfactory vehicle condition, a driver’s service skills, and communication skills. We also leverage our in-vehicle cameras to monitor driver behavior and automatically detect violations of our service requirements.

To ensure driver safety, we have implemented various technology-enabled safeguards. For example, our in-vehicle cameras enable the real-time monitoring of drivers to identify dangerous driving behaviors such as driver fatigue and distraction, and we send timely reminders such as audio warnings. Our vehicles are also equipped with frontal collision warning capabilities to detect and help prevent traffic accidents.

We have established various channels to solicit driver feedback and address driver complaints. Our drivers may submit feedback to us via a dedicated hotline in relation to order cancellation, our handling of passenger complaint, driver-passenger disputes, among others, and the responsible staff will coordinate with relevant departments to promptly resolve issues to the extent possible. We also dedicate ourselves to addressing common driver feedback on a

BUSINESS

regular basis. Our senior management and mid-level staff often attend face-to-face meetings with our drivers to understand their concerns and, following such discussions, require relevant solutions to be implemented within a prescribed period of time. In 2022, 2023 and 2024, we received 298.5 thousand, 404.8 thousand and 765.9 thousand driver complaints among the 600.1 thousand, 699.9 thousand and 1,488.5 thousand total active drivers, respectively. The increase in the number of driver complaints is generally in line with the increasing number of total active drivers. In particular, there were more driver complaints in 2024 since there was increased competition among shared mobility platforms to attract drivers and more drivers chose to submit complaints to us to communicate their concerns and perceived areas for improvement regarding our driver management system. We believe these complaint submissions serve as an effective communication channel between us and our drivers and aim to address the complaints promptly and effectively. All of the above complaints have been duly settled.

OUR TECHNOLOGY

Technology is the foundation of our operations and supports our growing user base and superior user experience. We invest significant resources in research and development to improve our technology and develop solutions supporting our operations.

CaoCao Brain

We have developed our proprietary, AI-powered CaoCao Brain for the efficient operation of our online platform. It primarily includes an algorithmic transaction engine that manages daily order dispatch to connect drivers with users and an intelligent marketing engine that supports digitalized marketing and promotional activities.

The transaction engine is capable of (i) prediction of future mobility demand, (ii) combinatorial optimization of order dispatch that intelligently matches drivers with users, and (iii) balance of overall mobility capacity to prevent over- or under-capacity from time to time. For example, our AI algorithms can anticipate peak hours or understand differences between residential and commercial areas, dynamically adjust our recommendations and incentives to drivers so that we direct them towards high-demand areas. The intelligent marketing engine is capable of strategizing distribution of user incentives based on causal inference and deep reinforcement learning. It helps city operation teams achieve optimized use of incentives within a prescribed budget. Currently, the intelligent algorithmic marketing engine is responsible for allocating all of our user incentives, which greatly enhances our marketing efficiency with more targeted distribution of user incentives.

We have conducted an A/B group comparison test which indicated that all algorithmic optimizations associated with CaoCao Brain, developed and implemented within its inaugural year, can improve CaoCao Mobility’s total GTV by 14.9%.

BUSINESS

Vehicle Intelligence

We provide a suite of vehicle intelligence features to our passengers and drivers. For example, we utilize advanced routing algorithms to provide robust route alternatives to passengers and drivers based on analytics of real-time road conditions. In addition, due to our involvement in the design and deployment purpose-built vehicles, we can accomplish the connection of users directly to our cloud-based data computing network and then to the software systems on the vehicles. This foundational capability enables us to develop creative features that afford users interactive control of vehicles.

We have developed a scalable vehicle intelligence framework with standard, modular interfaces effectively tailored for mobility services, which is integrated in our purpose-built vehicles connecting vehicle hardware, software and data. We are able to realize sophisticated vehicle functions through multiple layers of vehicle architecture. Based on our capabilities, we plan to enable cloud-based storage of user preferences for cabin comfort settings so that they can be applied to all vehicles that a user takes, thus rendering consistent smart cabin experience.

In addition, as a shared mobility platform, we have accumulated in-depth understanding of the particular demands for mobility operating vehicles. We can thus identify specific scenarios that call for particular vehicle intelligence solutions rarely considered by traditional automakers. Our CaoCao 60 is designed to support specific shared mobility scenarios such as pick-ups and drop-offs. For example, the vehicle allows users to remotely flash a vehicle’s headlights during pick-up to easily identify the vehicle.

Fleet Management System

Our fleet management system is an integrated platform that supports a full spectrum of digitalized functions including procurement, pre-operation preparation, operation, insurance, servicing, energy replenishment, sales, leases, and disposal of vehicles. The system integrates Geely Group’s supply chain auto servicing capabilities with our data collection, computing, and analytics capabilities to significantly improve the efficiency of funds, vehicles, and people throughout our operations, thus optimizing the cost of maintaining and operating the rapidly growing fleet of vehicles.

The system allows for the real-time and high-accuracy monitoring of vehicle status, including whether it needs energy replenishment or maintenance and repair, as well as whether it is being used for private purposes by non-registered drivers. A thorough understanding of vehicle status enables more efficient management decision-making. For example, big data analysis of vehicle condition in a certain region can inform how we plan for the procurement of spare parts going forward.

Our fleet management system is open to third parties. We empower them to manage their vehicles more efficiently while we accumulate large amounts of data on vehicle operation in shared mobility scenarios, which help us further insights of the industry.

BUSINESS

DATA SECURITY AND PERSONAL INFORMATION PROTECTION

We are committed to data security and personal information protection and have implemented a comprehensive set of internal policies on cybersecurity, data security, data backup and recovery, personal information protection, and information security incident management and emergency response plan.

In order to effectively provide our services, we may collect and use personal information. Such personal information includes, from users, the pick-up location, destination address, phone number, and, from drivers, vehicle information, phone number, driver’s license, and bank account information. We only collect the personal information and data necessary for the use of our platform.

Our data usage and personal information protection policy, which is provided to every user of our platform, describes our data security and personal information protection practices. Specifically, we undertake to manage and use the data collected from users in accordance with applicable laws and make reasonable efforts to prevent the unauthorized access, breach, tampering, or loss of personal information. Drivers and passengers would use cryptographic number to communicate via our platform. We will desensitize important data with encryption, masking, or replacement techniques. In addition, we have provided users the option to delete their data on our platform.

We collect and use personal information for the stated purpose as authorized by users, or with other legal bases as provided by laws and regulations. The personal information and user data we collect are stored in cloud data centers deployed within the territory of the PRC. In terms of user data protection, we have formulated internal management rules and operating procedures. On the basis of classified management of personal information, we take corresponding security technical measures such as encryption and de-identification, reasonably determine the user data processing authority of employees, and conduct special management according to the needs of business operations. To further avoid personal information security incidents, we carry out education and training on data security for employees and organize the implementation of emergency plans on a regular basis. For details, see “—Risk Management and Internal Control—Information System Risk Management.” We do not share with, transfer, or disclose personal information to any third parties except under certain limited circumstances, including when it is necessary to fulfill our services to users.

We use a variety of technologies to protect the personal information with which we are entrusted in providing all of our solutions. In accordance with our data security and personal information protection policy, we classify our data into four categories, including general data, confidential data, highly confidential data, and strictly confidential data. Only public information are classified as general data and not subject to protections with regard to its access and disclosure. Confidential data can only be accessed by internal employees or designated external personnel. Highly confidential data can only be accessed in specific circumstances upon approval from designated oversight officers. Strictly confidential data can only be accessed by senior management and specific personnel that handle such data.

BUSINESS

We have established a specialized data and information security management team, led by our risk management committee, to formulate data protection strategy, assess data security risk, and oversee data security matters. In addition, we have engaged legal advisors to provide trainings relating to data security and personal information protection and conduct compliance review to further improve our compliance policies and measures in connection with data security and personal information protection.

Our Directors and PRC Legal Advisor are of the view that, during the Track Record Period and up to the Latest Practicable Date, we have complied with the currently effective and applicable PRC laws on cybersecurity and data security in all material respects. During the Track Record Period and up to the Latest Practicable Date, we and our PRC Legal Advisor are of the view that the PRC laws and regulations in relation to cybersecurity, data security and privacy protection will not have a material adverse impact on our business operations. During the Track Record Period and up to the Latest Practicable Date, we were not subject to any claims by users or administrative penalties from regulatory authorities regarding personal information leakage, misuse or any other related matters, and we had not received any third-party claim against us on the ground of infringement of such party’s right to data protection as provided by any applicable laws and regulations.

For details of laws and regulations on cybersecurity, data security, and privacy protection, see “Regulations—Regulations on Cybersecurity, Data Security, and Privacy Protection.” For related risks, see “Risk Factors—Risks Relating to Our Business and Industry—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.” For details of our risk management and internal control measures to ensure compliance with PRC data security and personal information protection laws and regulations, see “—Risk Management and Internal Control—Information System Risk Management.”

SALES AND MARKETING

We enjoy strong brand recognition among users, drivers, and businesses, which generates significant traffic through word-of-mouth referrals. We attract and retain users by offering great ride experience, both from various aggregation platforms and from our own platform, and do not rely on excessive incentives or promotions. Our marketing strategy centers around building a trust-worthy mobility brand associated with service quality to occupy consumer mindshare. CaoCao Mobility was recognized as the No. 1 brand in user recognition for “best service quality” among China’s leading shared mobility platforms in five consecutive quarterly surveys of thousands of shared mobility users nationwide from the fourth quarter of 2023 to the fourth quarter of 2024. The survey was commissioned by us and conducted by a third party which independently managed data collection and analysis.

BUSINESS

For our ride hailing business, we also engage online and offline channels to attract drivers and users. For drivers, we rely on offline peer driver referrals, offline recruitment through car partners and human resources companies, and online recruitment information distribution. For users, we rely on specialized service providers who assist us to reach out to them offline in key areas, the offline recommendation from drivers to users, and the online distribution of advertising and marketing materials. While the offline channels are cheaper on a per-user basis, users sourced through online channels typically have more appreciation of our service and brings more long-term value. In addition, we obtain a portion of our orders from aggregation platforms. We pay these aggregation platforms commission fees based on the transaction value of orders that they facilitate.

For our enterprise solutions, we typically rely on our sales managers to develop and maintain relationship with key accounts. Meanwhile, our car partners also refer to us enterprise customers for a referral fee.

For our vehicle sales business, we focus on building our brand awareness among those looking for mobility operating vehicles including fleet operators, taxi companies, and online ride hailing drivers. We expect word-of-mouth referrals to be a powerful driver of our branding and marketing, particularly once we have more vehicles on the road.

COMPETITION

To grow our platform, we compete to attract, engage, and retain users based on the quality of our mobility services in terms of safety, price, convenience, and comfort as well as our ability to provide other service offerings that cater to their essential needs. We also compete to attract, engage, and retain drivers on our platform based on our ability to increase their income, simplify their operational workflows, and lower vehicle TCO. We also compete to develop technologies that would re-define the future of mobility such as purpose-built vehicles and autonomous driving.

Our ride hailing business also competes with personal vehicle ownership and usage, which accounts for the majority of trips in the markets that we serve, and with traditional transportation services, including public transportation and taxis.

Our vehicle sales business also competes with other automakers, although we distinguish our brand as one dedicated to mobility operating vehicles and not to private-use vehicles.

Many of our competitors are well-capitalized and offer discounted services, driver incentives, consumer discounts and promotions, innovative service and product offerings, and alternative pricing models, which may be more attractive to consumers than those that we offer. Further, some of our current or potential competitors have, and may in the future continue to have, greater resources and access to larger driver and consumer bases. Some of our competitors enjoy substantial competitive advantages such as greater brand recognition and longer operating histories. As a result, such competitors may be able to respond more quickly and effectively than us to new or changing opportunities, technologies, consumer preferences,

BUSINESS

regulations, or standards, which may render our products or offerings less attractive. For additional information about the risks to our business relating to competition, see “Risk Factors—Risks Relating to Our Business and Industry—The shared mobility industry is highly competitive, and we may be unable to compete effectively.”

CUSTOMERS

For our mobility service business, our customers are individual users who book rides on our platform as well as corporate customers who pay for the rides of their employees collectively. The majority of our ride hailing GTV is attributable to individual users. For our vehicle sales business, our customers consist of our car partners, drivers, and third parties such as vehicle fleet operators and taxi companies. For our vehicle leasing business, our customers include our car partners and certain third parties.

We have a broad base of customers, and we do not believe that we have customer concentration risks. Revenue from our five largest customers in each year of the Track Record Period amounted to RMB320.5 million, RMB435.1 million, and RMB541.5 million, representing 4.2%, 4.1%, and 3.7% of our total revenue for the respective years. Revenue from our largest customer in each year of the Track Record Period amounted to RMB112.4 million, RMB117.2 million, and RMB156.1 million, representing 1.5%, 1.1%, and 1.1% of our total revenues for the respective years. Except for one of our five largest customers in 2024 which procured vehicles from us, all of our five largest customers in each year/period of the Track Record Period were corporate customers of our ride hailing service.

To the best of our knowledge, during the Track Record Period and up to the Latest Practicable Date, except for Geely Group which was one of our top five customers in 2023, our top five customers in each year during the Track Record Period were Independent Third Parties.

Except for Geely Group, during the Track Record Period and up to the Latest Practicable Date, none of our Directors, their respective associates, or any shareholders of our Company (who or which to the knowledge of the Directors owned over 5% of our Company’s issued share capital) had any interest in any of our five largest customers.

SUPPLIERS

Our suppliers primarily include automakers, vehicle insurance providers, and aggregation platforms. To a lesser extent, our suppliers also include our car partners and telecommunication service providers.

Purchases from our five largest suppliers in each year of the Track Record Period amounted to RMB1,922.4 million, RMB2,281.3 million, and RMB2,509.2 million, representing 20.3%, 19.6%, and 17.1% of our total purchases for the respective years. Purchases from our largest supplier in each year of the Track Record Period amounted to RMB1,462.0 million, RMB1,578.3 million, and RMB1,465.2 million, representing 15.5%, 13.5%, and 10.0% of our total purchases for the respective years.

BUSINESS

The following table sets forth certain information of our top five suppliers in each relevant time period during the Track Record Period.

Rank	Supplier	Products/ Services Provided	Purchase Amount (RMB in millions)	Percentage of Total Purchase (%)	Business Relationship Since
For the Year Ended December 31, 2022					
1	Geely Group ⁽¹⁾	Vehicles	1,462.0	15.5	2015
2	Supplier Group A ⁽²⁾	Aggregation platform services	215.1	2.3	2018
3	Supplier B ⁽³⁾	Vehicle insurance	112.4	1.2	2018
4	Supplier C ⁽⁴⁾	Vehicles insurance	70.8	0.7	2019
5	Supplier D ⁽⁵⁾	Aggregation platform services	62.0	0.7	2019
For the Year Ended December 31, 2023					
1	Geely Group ⁽¹⁾	Vehicles	1,578.3	13.5	2015
2	Supplier Group A ⁽²⁾	Aggregation platform services	355.8	3.1	2018
3	Supplier Group E ⁽⁶⁾	Aggregation platform services	140.0	1.2	2022
4	Supplier D ⁽⁵⁾	Aggregation platform services	121.8	1.0	2019
5	Supplier C ⁽⁴⁾	Vehicle insurance	85.5	0.7	2019
For the Year Ended December 31, 2024					
1	Geely Group ⁽¹⁾	Vehicles	1,465.2	10.0	2015
2	Supplier Group A ⁽²⁾	Aggregation platform services	567.7	3.9	2018
3	Supplier Group E ⁽⁶⁾	Aggregation platform services	245.1	1.7	2022
4	Supplier D ⁽⁵⁾	Aggregation platform services	126.6	0.9	2019
5	Supplier Group F ⁽⁷⁾	Aggregation platform services	104.5	0.7	2022

BUSINESS

Notes:

- (1) Geely Group was also one of our five largest customers in 2023. In 2022, 2023, and 2024, the sales amount was RMB21.5 million, RMB104.5 million, and RMB35.9 million, respectively, as we provided ride hailing services to them and, in 2023, provided additional one-off services in connection with the Asian Games and Asian Para Games.
- (2) Supplier Group A represents a group of companies under the control of a company listed on the New York Stock Exchange and the Hong Kong Stock Exchange. This group of companies was also one of our five largest customers in 2022, 2023, and 2024. In 2022, 2023, and 2024, the sales amount was RMB73.4 million, RMB97.8 million, and RMB93.2 million, respectively, as we provided ride hailing services to them.
- (3) Supplier B is a company listed on the Stock Exchange of Hong Kong. It is headquartered in Beijing and was established in 2003. It mainly provides insurance services.
- (4) Supplier C is a company listed on the National Equities Exchange and Quotations. It is headquartered in Guangzhou and was established in 2011. It mainly provides insurance services.
- (5) Supplier D is a private company headquartered in Shanghai established in 2017. It mainly provides aggregation platform services.
- (6) Supplier Group E represents a group of companies under the control of a company headquartered in Beijing established in 2012. This group of companies mainly provides shared mobility services and aggregation platform services.
- (7) Supplier Group F represents a group of companies under the control of a company listed on the Hong Kong Stock Exchange. It is headquartered in Shenzhen and was established in 1998. It mainly provides aggregation platform services to us.

To the best of our knowledge, except for Geely Group, which mostly supplied vehicles used in our operations, during the Track Record Period and up to the Latest Practicable Date, our top five suppliers in each year during the Track Record Period were Independent Third Parties. During the Track Record Period and up to the Latest Practicable Date, none of our Directors, their respective associates, or any shareholders of our Company (who or which to the knowledge of the Directors owned more than 5% of the Company’s issued share capital) had any interest in any of our five largest suppliers, except for Geely Group. For our vehicle procurement framework agreements with members of the Geely Group after this [REDACTED], see “Connected Transactions—Non-exempt Continuing Connected Transactions.”

BUSINESS

EMPLOYEES

As of December 31, 2024, we had 999 full-time employees, all of whom were based in China. The following table sets forth the number of our employees by function as of December 31, 2024.

Function	Number of Employees	Percentage (%)
Business Operations	410	41.0%
Research and Development	281	28.1%
General Administration	256	25.6%
Sales and Marketing	26	2.6%
Customer Service	26	2.6%
Total	999	100.0%

Our success depends on our ability to attract, retain, and motivate qualified personnel. We offer employees competitive salaries, performance-based cash bonuses, regular awards, and long-term incentives. We believe that we maintain a good working relationship with our employees, and we did not experience any material labor disputes or work stoppages or any difficulty in recruiting staff for our operations during the Track Record Period. No collective bargaining agreement has been put in place.

We recruit our employees based on their qualification and potential. We primarily recruit our employees through on-campus job fairs, industry referrals, online channels, and recruitment agencies. We provide new employee training to our employees and periodic on-the-job training to enhance the skills and knowledge of our employees. We have adopted a training system, pursuant to which management, operation, sales and marketing, technology, regulatory, and other trainings are regularly provided to our employees by internally sourced speakers or externally hired consultants.

As required by PRC laws and regulations in respect of our PRC employment, we participate in housing fund and various employee social insurance plans that are organized by applicable competent authorities, including housing, pension, medical, work-related injury, maternity, and unemployment insurance, under which we make contributions at specified percentages of the salaries of our employees. We also purchase commercial health and accidental insurance coverage for our employees. Bonuses are generally discretionary and based in part on the overall performance of our business and in part on employee performance. We have adopted a plan to grant share-based incentive awards to our eligible employees to incentivize their contributions to our growth and development.

BUSINESS

We enter into standard confidentiality and employment agreements with our employees. The contracts with our key personnel typically include a standard non-compete covenant that prohibits the employee from competing with us, directly or indirectly, during his or her employment and typically for two years after the termination of his or her employment, provided that we pay a certain amount of compensation during the restriction period.

INTELLECTUAL PROPERTY

We rely on a combination of patent, copyright, trademark, domain name, and trade secret laws and restrictions on disclosure to protect our intellectual property rights. As of December 31, 2024, we had the following intellectual property rights that we consider material to our business: 19 trademarks licensed to us by Geely Group, 21 copyrights, 24 patents, and 14 domain names. For details of our intellectual property rights, see “Appendix IV—Statutory and General Information—Further Information About Our Business—2. Intellectual Property Rights.” During the Track Record Period and up to the Latest Practicable Date, no material claims or disputes were brought against us in relation to any infringement of trademarks, copyrights or other intellectual properties.

INSURANCE

In line with general market practice, we maintain business insurances covering damages to our properties, including our vehicles that are leased to our drivers, but do not maintain any business interruption insurance or key man life insurance, which are not mandatory under the applicable laws. Specifically, we purchase statutory automobile liability insurance and additional commercial automobile liability insurance for our own vehicles, and require our car-partner drivers that do not use our vehicles to purchase comparable insurances for their vehicles and upload proofs before they can join our platform. In addition, we purchase ride hailing service provider liability insurance as required by applicable regulations, and purchase occupational insurance for drivers in certain cities where we voluntarily participate in the pilot occupational insurance program offered by government authorities. With the above insurances, we believe we maintain sufficient coverages for all orders on our platform and all drivers, including both affiliated and car-partner drivers. For a discussion of risks relating to our insurance coverage, see “Risk Factors—Risks Relating to Our Business and Industry—Our business depends heavily on insurance coverage for drivers and on other type of insurance for additional risks relating to our business.”

We believe that our insurance coverage is sufficient for its present purposes and is consistent with the insurance coverage of other shared mobility platforms in China. We periodically review our insurance coverage to ensure that it remains to be sufficient.

BUSINESS

PROPERTIES

Our principal place of business is located in Suzhou, China. As of the Latest Practicable Date, we did not own any properties and leased 37 properties in various cities in China with a gross floor area of over 26,000 square meters, all of which were used as office space for our business operations. Our leased properties are used for non-property activities as defined under Rule 5.01(2) of the Listing Rules. We believe that there is sufficient supply of properties in China, and thus we do not rely on existing leases for our business operations.

As of the Latest Practicable Date, landlords of some of our leased properties in mainland China have not provided us with valid title certificates or relevant authorization documents evidencing their rights to lease the properties to us, primarily due to the difficulty in procuring the cooperation of the properties’ title holders. Consequently, if any of these leases is terminated as a result of challenges by third parties, we may not be able to continue to use such properties. If we are not able to continue to use such properties, we expect to be able to identify alternative places for relocation in a timely manner without incurring material related loss, as the properties are used as office spaces and there is sufficient supply of comparable properties.

In addition, pursuant to the applicable PRC laws and regulations, property lease contracts must be registered with the relevant local branches of the PRC Ministry of Housing and Urban Development. As of the Latest Practicable Date, we had not completed lease registration or lease registration modification of the properties we leased in mainland China. Our PRC Legal Advisor has advised us that the lack of registration for the lease contracts will not affect the validity of such lease contracts under PRC law, and has also advised us that a maximum penalty of RMB10,000 may be imposed for each incident of non-compliance of lease registration requirements.

For a discussion of risks relating to property interest defects, see “Risk Factors—Risks Relating to Our Business and Industry—Certain issues relating to certain properties we lease may disrupt our occupancy and continued use of those properties.”

As of December 31, 2024, each of our property interests had a carrying amount less than 15% of our consolidated total assets. Therefore, according to Chapter 5 of the Listing Rules and section 6(2) of the Companies (Exemption of Companies and Prospectuses from Compliance with Provisions) Notice (Chapter 32L of the Laws of Hong Kong), this document is exempted from compliance with the requirements of section 342(1)(b) of the Companies (Winding Up and Miscellaneous Provisions) Ordinance in relation to paragraph 34(2) of the Third Schedule to the Companies (Winding Up and Miscellaneous Provisions) Ordinance, which require a valuation report with respect to all our interests in land or buildings.

BUSINESS

ENVIRONMENTAL SUSTAINABILITY, SOCIAL RESPONSIBILITY, AND CORPORATE GOVERNANCE

We are committed to leveraging our technology and platform to create value for society. Since our founding, we have adopted as our long-term strategic goal to promote environmental sustainability, support and participate in socially responsible projects, and adhere to a high standard of corporate governance.

ESG Governance

Our Directors are directly involved in setting up our overall ESG governance management policies, strategies, priorities and targets, reviewing our ESG policies on an annual basis to ensure its effectiveness, and fostering a culture of acting in accordance with our core ESG values.

Upon the [REDACTED], we will establish an ESG committee, which is responsible for overseeing and guiding our ESG initiatives. The ESG committee will report to our Board on ESG-related matters and comprises of senior management and staff with a solid understanding of current and emerging ESG issues and our business. Set forth below are the key responsibilities of our ESG committee:

- communicate with relevant regulatory authorities to keep abreast of the latest ESG-related laws and regulations, including the applicable sections of the Listing Rules, ensure compliance with these laws and regulations, keep the Board informed of any changes in such laws and regulations and update our ESG policies accordingly;
- assess ESG-related risks on a regular basis according to applicable laws, regulations, and policies, and formulate strategic plans and mitigating measures to ensure our responsibilities with respect to ESG matters are met;
- monitor local environmental, social, and climate changes in regions where we operate and take timely measures to mitigate the risks associated with such volatile changes during our daily business operations;
- monitor the implementation of our ESG policies, including reviewing our performance against ESG-related targets, and engage third-party consultants to support us in fulfilling our ESG goals if the ESG committee considers it necessary;
- identify our key stakeholders based on our business operations and understand such stakeholders’ influences and dependence with respect to ESG matters;
- hold meetings on a regular basis to identify, assess, and manage our progress in achieving our key ESG targets; and
- prepare annual ESG report, reporting to our Board on our ESG-related performance and the effectiveness of our ESG policy, and provide our Board recommendations relating to ESG matters.

BUSINESS

Identification, Assessment, Management, and Mitigation of ESG-Related Risks

We have identified certain ESG-related risks in connection with our business, and intend to formulate strategic plans and mitigating measures. The ESG committee will be responsible for the continual assessment of ESG-related risks on a regular basis and the implementation of our ESG policies.

- *Energy Savings and Emission Reduction.* Through improving operating efficiency, we will reduce the use of energy and other natural resources, as well as emissions of pollutants and wastes, in order to enhance our environmental performance and reduce the negative impact of our operations in relation to climate change. While we may potentially incur extra cost to comply with the increasingly stringent environmental regulatory requirements and experience increasing operating expenses, such efforts can improve our user goodwill.
- *Employee’s Rights, Interests, and Development.* We face the risk of losing talents if we fail to promote the rights, interests, and development of our employees. We strive to attract, reserve, promote, and retain talents and cultivate skills of our employees by providing them with reasonable career development paths and fairly evaluating their performance. We believe that by maintaining a good relationship with our employees we can improve our operating efficiency and service capacities.
- *Occupational Health and Safety.* The health and safety of our employees, users, and drivers may be put at risk due to climate-related issues, such as increasingly frequent extreme weather events. We strive to protect the health of our employees, users, and drivers, and create a safe working environment for our employees and drivers, thereby reducing the costs of accident handling, medical care, litigation, penalties, and fines, and improving our operating efficiency. To this end, we purchase insurance against occupational injuries for our employees and our drivers.
- *Business Ethics and Anti-Corruption.* We face regulatory risks associated with maintaining good business ethics. On the other hand, outstanding business ethics may yield a positive business image for us.

Upon the [REDACTED], we will publish an ESG report annually to comprehensively analyze and disclose important ESG matters, including our ESG-related guidelines, strategies, and targets, as well as their significance in relation to our business. We intend to be public and transparent in terms of our ESG performance before our [REDACTED] and stakeholders.

We do not operate any production facilities. Therefore, we are not subject to significant health, work safety, social, or environmental risks. We strive to provide employees with a safe and healthy work environment. During the Track Record Period and up to the Latest Practicable Date, we complied with relevant environmental and occupational health and safety laws and regulations in all material aspects, and we did not encounter any environmental or occupational health related incidents or complaints that would have any material adverse impact on our business, financial condition, or results of operation during the same period.

BUSINESS

Environmental Sustainability

Since our founding in 2015, at a time when the penetration rate of electric vehicles were relatively low, we have operated primarily new energy vehicles for the provision of shared mobility service. We have always been conscious of our carbon footprint, and are committed to leverage our technology and platform to reduce the carbon emission of our operation, of the rides provided on our platform, and of society in general. As of December 31, 2024, we had served a cumulative of approximately 1.9 billion rides with new energy vehicles, realizing cumulative reduction of over 3.1 million tons of carbon emission, assuming that each kilometer traveled by a BEV emits 142 gram of carbon dioxide less than an ICEV does. We have achieved carbon-neutral operations in terms of greenhouse gas emissions for the year of 2023 and aim to achieve net zero carbon emission for all ride hailing orders by 2035.

We constantly improve the power efficiency of our electric vehicles to conserve energy and reduce our carbon footprint. We also launch innovative marketing strategies to raise awareness of carbon emission reduction among our users. In October 2022, we launched our Carbon Space feature, where users can accumulate points for taking electric vehicles and reducing carbon emissions, and use such points to get certain benefits. As we further develop our purpose-built vehicles and explore their sales and leasing to third parties, we expect to facilitate the general adoption of electric vehicles for shared mobility, and further contribute to reducing the societal carbon emission level.

As we continually increase the penetration of purpose-built vehicles, we expect to fully replace our existing vehicles without battery swap capabilities by 2026, and thus need to dispose these vehicles. In addition, as vehicles with battery swap capabilities generally have a value-generating life of five years, we expect to start disposing these vehicles by 2026. We are evaluating appropriate measures to dispose the vehicles in an environmentally sustainable manner.

In 2024, our business operations had scope 1, scope 2, and scope 3 carbon dioxide emissions of 251 ton, 111,066 ton, and 336,340 ton, respectively. Our total carbon emission was 447,657 ton, and carbon emission intensity was 26.4 ton per RMB1 million of GTV. Going forward, while our total emissions may increase in line with our expected business growth, we intend to reduce our carbon emission intensity by approximately 5% from their 2024 level by 2027. We expect to accomplish this reduction by increasing the penetration of BEVs among our car-partner drivers, including through the sale of our purpose-built vehicles to them.

Social Responsibility

We recognize the size and influence of our platform, and seek to utilize such influence in a socially responsible manner. We actively encourage and support socially responsible initiatives and promote the concept of corporate social responsibility throughout our company.

BUSINESS

We fulfill our social responsibility by first taking caring of our drivers. Since our inception, we have created flexible income opportunities for a cumulative of approximately 3.9 million drivers, with total payment to drivers exceeding RMB40 billion. We continually organize driver welfare events to enrich their social life and improve their sense of satisfaction. In 2018, we set up a driver support fund which provides aids to our drivers and their relatives who suffer from sudden major illnesses. In 2021, we established the Lu Ming fund (鹿鳴基金), an annual scholarship program under which we support children of our drivers who perform well in China’s national university entrance examination. The fund has supported the children of over 200 of our drivers since then. In addition, we have organized a drivers’ club, hold monthly birthday parties for our drivers, and organize Family Days.

Many of our drivers agree with our culture of fulfilling social responsibility and actively contribute to our initiatives. In January 2022, during the fight against the COVID-19 pandemic, we organized a fleet of drivers to assist with the transportation of COVID test samples in Xi’an, Shaanxi. More than 300 of our drivers helped transport 5 million COVID test samples in one week. During the Chinese New Year, in collaboration with other mobility platforms, our drivers helped pick up workers who stayed at their post when most people were uniting with families. Our drivers and drivers from other platforms collectively took 340 such workers home over a total distance of 7,200 kilometers in 11 cities in Sichuan province. When it comes time for the College Entrance Examination (高考) period, our drivers picked up test-takers for free in various cities and provided emergency response services near testing locations in the seventh year in a roll.

Our unique capability to operate purpose-built vehicles have also put us in position to leverage the vehicles to serve disadvantaged communities. In particular, our vehicle LEVC TX5 is equipped with various accessibility features which allow us to help those in need. For example, the vehicle is fully wheelchair accessible, with a direct access ramp that can be swiftly deployed for wheelchair users or folded into the floorspace, a large door aperture for easy entry, a spacious interior with flexible seats that can be folded for additional space and built-in wheelchair restraints. During the 2023 Asian Games and Asian Para Games in Hangzhou, China, as an officially designated transportation service provider, we provided comprehensive transportation services with thousands of drivers and approximately 300 LEVC TX5s to support the transportation needs of disabled athletes.

Corporate Governance

Employee Wellbeing

We value our people and respect the dignity, character, privacy, and personal interest of each of our employees. We place strong emphasis on well-being in the workplace. Activities are organized regularly to facilitate our employees to explore and pursue their hobbies and interests, and achieve a healthy work-life balance. We also foster inclusion and equality among employees from all backgrounds, regardless of employment part, religion, age, gender, sexual minorities, disability, sexual orientation, citizenship status, and parental status, among others. We believe that diversity, including, but not limited to, gender diversity, is important to us in thriving in the business environment.

BUSINESS

Employee Development and Training

We encourage everyone within our organization to pursue professional development opportunities. In furtherance of this goal, we have been offering trainings and career development programs to our employees to support their growth and upward mobility. We conduct employee assessments at the end of each year and, depending on their performance and responsibilities, provide promotion and training opportunities.

Business Ethics

We are committed to shaping our corporate governance and culture to a high standard. We believe good governance and healthy culture are essential to our employees’ well-being as well as our business development. To this end, we have put in place a series of internal regulations to set forth the guidelines for compliance with laws and regulations and promote honest and ethical conduct, including our code of business conduct and ethics, anti-corruption compliance policy, and internal control manual. We will adopt ESG management policy, insider trading policy, and disclosure controls and procedures upon our [REDACTED]. Striving to create an equal and inclusive corporate environment, we have also established training and safety standards, and strictly comply with labor law by protecting the rights and interests of female employees.

LEGAL PROCEEDINGS AND COMPLIANCE

Legal Proceedings

We may from time to time be subject to various legal or administrative claims and proceedings arising in the ordinary course of our business. We are currently not a party to any material legal or administrative proceedings and we were not involved in any material legal proceedings and litigations during the Track Record Period and up to the Latest Practicable Date.

Litigation or any other legal or administrative proceeding, regardless of the outcome, could result in substantial costs and diversion of our resources, including our management’s time and attention. For potential impact of legal or administrative proceedings on us, see “Risk Factors—Risks Relating to Our Business and Industry—Adverse litigation judgments or settlements resulting from legal proceedings or investigations in which we may be involved could expose us to monetary damages or limit our ability to operate our business.”

Compliance Matters

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, save for certain issues as disclosed in “Risk Factors—Risks Relating to Our Business and Industry—Certain issues relating to certain properties we lease may disrupt our occupancy and continued use of those properties,” “Risk

BUSINESS

Factors—Our limited operating history and our evolving business make it difficult to evaluate our future prospects and the risks and challenges that we may encounter,” and the non-compliance incidents with respect to Transportation Permits and Online Ride Hailing Driver’s Licenses as set out below, we have complied with the relevant laws and regulations in all material respects.

Transportation Permits and Online Ride Hailing Driver’s Licenses

As required by applicable PRC laws and regulations, any vehicle that provides services on an online ride hailing platform is required to obtain a Transportation Permit by meeting certain operating safety criteria and any other criteria stipulated by local taxi administration bureaus (出租汽車行政主管部門). In addition, any driver that provides services on an online ride hailing platform is required to obtain an Online Ride Hailing Driver’s License by meeting certain background requirements stipulated by local government and passing relevant exams.

For each non-compliance incident, which is a ride provided by a driver or vehicle without the requisite permit or license, an online ride hailing platform may be subject to an order of correction and a fine of RMB5,000 to RMB10,000, or in severe cases, a fine of RMB10,000 to RMB30,000. In addition, a platform may be ordered to suspend its business operations or have its platform license revoked if a taxi administration bureau at or above the country level finds that the platform no longer has the online and offline service capabilities or has committed a “serious breach.” For more information, see “Regulations—Regulations on Online Ride Hailing Services.”

As of December 31, 2024, some of the vehicles and drivers on our platform, including both our affiliated drivers and car-partner drivers, as well as their vehicles, had not obtained their requisite Transportation Permits and Online Ride Hailing Driver’s Licenses. The PRC Ministry of Transport has published monthly compliance data of ride hailing platforms since October 2020. According to Frost & Sullivan, the compliance data published by the Ministry of Transport is the most reliable and authoritative indicator of compliance levels for ride hailing platforms in China. The table below sets forth the compliance data of our CaoCao Mobility services (which does not include our services under the brand of Limao Mobility) according to the Ministry of Transport in the respective periods.

	For the Six Months Ended					
	June 30, 2022	December 31, 2022	June 30, 2023	December 31, 2023	June 30, 2024	December 31, 2024*
Average monthly vehicle compliance rate	80.4%	83.6%	81.0%	83.1%	90.1%	90.7%
Average monthly driver compliance rate	75.1%	80.3%	78.6%	82.6%	89.0%	88.3%
Average monthly order compliance rate	67.5%	75.9%	74.7%	82.3%	86.0%	85.1%

Note:

- * As of the date of this document, the Ministry of Transport has not published compliance data for the months of November and December 2024. Averages in this column are calculated based on the official data from July to October 2024.

BUSINESS

In December 2022 and 2023 and October 2024, there were 216,159, 307,303, and 592,346 active vehicles under the brand of CaoCao Mobility, respectively, including 34,153, 48,247, and 50,942 active vehicles that had not obtained their Transportation Permit, representing 15.8%, 15.7%, and 8.60% of the total number of active vehicles, respectively. During the same periods, there were 213,515, 305,068, and 590,583 active drivers under the brand of CaoCao Mobility, respectively, including 38,433, 47,896, and 65,555 active drivers that had not obtained their Online Ride Hailing Driver’s License, representing 18.0%, 15.7%, and 11.1% of the total number of active drivers, respectively.

There is no material difference between the gross profit margin of compliant and non-compliant orders.

Meanwhile, all of our vehicles, drivers, and orders under the brand of Limao Mobility are compliant with the aforementioned regulations related to Transportation Permits and Online Ride Hailing Driver’s License. Under the brand of Limao Mobility, we operate vehicles that both provide ride hailing services and serve as taxis and take spontaneous orders on the road. These vehicles and their drivers are thus subject to more stringent requirement, including the prior approval by local authorities to operate as taxis and taxi drivers. To comply with these requirements, our operation under the brand of Limao Mobility is much smaller in scale, which makes it easier for us to ensure that all of our vehicles and drivers also comply with regulations related to ride hailing services.

The non-compliance of CaoCao Mobility mentioned above was primarily attributable to (i) practical difficulties to satisfy the various implementing rules formulated by distinct local authorities, and (ii) the business model of online ride hailing platforms, which involves a large number of vehicles and drivers. All market players in the industry face the same challenges.

- *Practical Difficulties to Satisfy Various Implementing Rules Formulated by Distinct Local Authorities.* The provision of online ride hailing services is subject to the regulations promulgated by various local authorities.
 - o Given the specific requirements imposed by local authorities, including on a vehicle’s place of registration and ownership, its specification and condition, a driver’s residence, age, and driving experience, all of which vary from city to city, there is an objective shortage of compliant drivers and vehicles to meet the demand for ride hailing service, especially in first-tier cities. In some first-tier cities, for example, drivers are required to have local household registrations (戶口) and vehicles are required to have local license plates to obtain the requisite licenses and permits. However, people with local household registrations are less likely to work as drivers in first-tier cities. The cities also have stringent license plate control policies. In the past, many drivers and vehicles from outside the cities have provided ride hailing service in these cities to meet market demand, and online ride hailing platforms need time now to build up their reserve of compliant drivers and vehicles.

BUSINESS

- o Furthermore, in practice, some local authorities from time to time suspend the processing of applications for new licenses or permits for online ride hailing service to limit the number of licenses and permits to be issued each year, adding to the difficulty faced by online ride hailing platforms to improve their compliance rate.
- *The Business Model of Online Ride Hailing Platforms Involves a Large Number of Vehicles and Drivers.* All major online ride hailing platforms need to manage a large number of vehicles and drivers across a number of cities which have different implementing rules that are still evolving. The sheer complexity of the issue and the evolving regulatory landscape poses practical management difficulties that take time to resolve.

According to Frost & Sullivan, due to the reasons above, non-compliance is an industry-wide issue. Across the industry, the average vehicle compliance rate, driver compliance rate, and order compliance rate of online ride hailing platforms is around 70%, 73%, and 69% in 2024, respectively.

To ascertain the implication of the non-compliance on our operation, our PRC Legal Advisor has conducted extensive due diligence and consultation with local transport authorities. According to the public searches conducted by our PRC Legal Advisor on the Latest Practicable Date, the transport authorities have not ordered any online ride hailing platform to suspend its operation or revoked the permits of any online ride hailing platform solely due to such compliance issue. Our industry consultant, Frost & Sullivan, concurs with the finding of our PRC Legal Advisor. In addition, our PRC Legal Advisor has consulted local transport authorities covering 64 cities in which we have operation, which accounted for 99.5%, 99.9%, and 97.0% of CaoCao Mobility’s GTV in 2022, 2023, and 2024, respectively. Our PRC Legal Advisor conducted real-name consultations with the Zhejiang Province-level transport authority, which covered 12 cities, and 13 other city-level transport authorities outside of Zhejiang Province. Our PRC Legal Advisor also conducted general inquiries with another 39 city-level transport authorities and received responses. Our PRC Legal Advisor is of the view that these local transport authorities have the authority to issue the aforementioned confirmations.

- Our PRC Legal Advisor conducted real-name consultations in the form of either interviews or real-name written enquiries with (i) the Department of Transport of Zhejiang Province (浙江省交通運輸廳), where we have operations in 12 cities, and (ii) the transport authorities of 13 cities outside of Zhejiang Province. The 25 cities accounted for 70.7%, 76.9%, and 70.7% of CaoCao Mobility’s GTV in 2022, 2023, and 2024, respectively.
 - o *Zhejiang Province.* The 12 cities within Zhejiang Province accounted for 10.2%, 8.6%, and 10.0% of CaoCao Mobility’s GTV in 2022, 2023, and 2024, respectively. The Department of Transport of Zhejiang Province, which as advised by our PRC Legal Advisor is the competent authority supervising

BUSINESS

online ride hailing matters of Zhejiang province, confirmed to our PRC Legal Advisor in an interview that (i) they have not and normally will not suspend our business or revoke our permits solely due to our non-compliance; and (ii) in general, penalty will not be imposed on the historically completed orders.

- o *Other cities.* The other 13 cities outside of Zhejiang Province accounted for 60.5%, 68.4%, and 60.6% of CaoCao Mobility’s GTV in 2022, 2023, and 2024, respectively. Our PRC Legal Advisor has conducted interviews with or obtained written confirmations from the transport authorities in the 13 cities as described below.
 - The transport authorities in all 13 cities except Tianjin and Nanjing, which as advised by our PRC Legal Advisor are the competent authorities supervising online ride hailing matters of these 11 cities respectively, confirmed that (i) they have not and normally will not suspend our business or revoke our permits solely due to our non-compliance; and (ii) in general, penalty will not be imposed on the historically completed orders.
 - The transport authority in Tianjin, which as advised by our PRC Legal Advisor is the competent authority supervising online ride hailing matters of Tianjin, confirmed that (i) it has not suspended our business or revoked our permits due to our non-compliance; and (ii) penalties are usually imposed on ongoing non-compliant orders.
 - The transport authority in Nanjing, which as advised by our PRC Legal Advisor is the competent authority supervising online ride hailing matters of Nanjing, confirmed that it has not suspended our business or revoked our permits due to our non-compliance.
- Our PRC Legal Advisor also conducted general enquiries with 39 cities outside of Zhejiang Province. These cities accounted for 28.8%, 22.9%, and 26.4% of CaoCao Mobility’s GTV in 2022, 2023, and 2024, respectively.
 - o The transport authorities in all 39 cities, which as advised by our PRC Legal Advisor are the competent authorities supervising online ride hailing matters of these cities respectively, confirmed that they have not and normally will not suspend the business or revoke the permit of a ride hailing platform solely due to non-compliance issues. In addition, the transport authorities in 11 cities further confirmed that, in general, penalty will not be imposed on the historically completed orders.

The PRC Legal Advisor advised that based on the applicable laws and regulations, its online searches in relation to the practice of the transport authorities, and the above confirmation of relevant local authorities, (i) the risk that relevant transport authorities will

BUSINESS

suspend our business or revoke our platform license due to our non-compliance is remote, and (ii) the risk that relevant transport authorities will impose monetary penalties on our historically completed orders is remote.

We may be fined from time to time due to provision of services on our platform by some vehicles or drivers without the requisite permits or licenses. During each of the years ended December 31, 2024, we were fined no more than 0.1% of our revenue for the respective period due to the non-compliance. As of the date of this document, a significant majority of these fines have been fully settled. The fines did not have a material adverse impact on our financial conditions as a whole. Considering the amount and relative size of the fines, the views of the transport authorities and the views of our PRC Legal Advisor, our Directors are of the view that these non-compliance issues did not and will not have a material adverse effect on our business, financial condition, and results of operations.

Having considered (i) the Company’s business model and scale of operations; (ii) the discussions with the PRC Legal Advisor and the Company’s management to understand, among others, the background of the non-compliance matters, the views of the PRC Legal Advisor and the internal control measures taken by the Company to address non-compliance matters; (iii) the review of interview notes with various regulatory bodies; (iv) the discussions with the internal control consultant of the Company on the scope of their internal control review and the findings, major recommendations and implementation status of the rectification measures with regard to non-compliance incidents, and the review of the supporting documents in relation to the internal control measures; (v) the discussions with Frost & Sullivan to understand the industrial average vehicle compliance rate, driver compliance rate and order compliance rate of online hailing platforms, and to confirm that such non-compliance matter is an industry-wide issue; (vi) the compliance data of Caocao Mobility services and the progress made in the past three years and (vii) the Directors’ view on these compliance issues, nothing has come to the attention of the Joint Sponsors that would cause them to reasonably cast doubt on the Directors’ view that these non-compliance issues did not and will not have a material adverse effect on the Company’s business, financial condition, and results of operations.

We expect our order compliance rate to continuously improve as a result of our business strategy as well as our internal control measures.

- *Business Strategy.*
 - o We distinguish ourselves with our fleet of purpose-built vehicles. Our purpose-built vehicles are all designed to meet the local requirements for Transportation Permits. As we accelerate the deployment of our Purpose-Built Vehicles, we expect our order compliance rate to increase.
 - o Furthermore, we intend to further expand our business operation in cities where it is easier to timely obtain the Transportation Permits and Online Ride Hailing Driver’s Licenses, which will further improve our overall order compliance rate. Besides, some local authorities may remove the prerequisite

BUSINESS

of local household registration for obtaining the Online Ride Hailing Driver’s License. In 2021, the Legislative Affairs Committee of the Standing Committee of the National People’s Congress (全國人民代表大會常務委員會法制工作委員會) issued the Report on the 2020 Filing and Review Work (《2020年備案審查工作情況的報告》), which clearly states that requiring local household registration as a prerequisite for being a taxi driver in the local area is against the policy of “reasonable, free, and orderly flow of labor,” “creation of a fair employment environment,” and “ensuring urban and rural workers enjoy equal employment rights.” A number of cities (including Hangzhou, Guangzhou, Dongguan and Qingdao, all of which are cities where we provide services) have since abolished or relaxed the local household registration requirement for taxi drivers or drivers providing online ride hailing service, making it easier for local drivers to obtain their licenses.

- *Internal Control Measures.*
 - o Our driver management team is responsible for monitoring and improving the compliance status of our drivers and vehicles, and the CaoCao central driver management system tracks the compliance rate of both our affiliated and car-partner drivers.
 - o To monitor our compliance status, we ask drivers to upload their licenses and vehicle permits when they first register on our platform and timely update their information when the licenses and permits are renewed. Our system cross-checks against information from the Department of Transport to ensure the effectiveness of the licenses and permits provided. In some cases, we grant grace periods to non-compliant drivers. We aim to grant grace period generally within one to three months, and adjust the duration based on the following factors: (i) the time required to go through the local license or permit application process, (ii) capability of the relevant drivers, such as their driving experience, and (iii) local circumstances and the guidance of local authorities. For drivers that do not obtain their licenses and permits within the grace period, we may suspend their service, restrict their ability to receive orders, or liaise with local authorities to help with their license or permit application.
 - o We award existing drivers for obtaining their licenses, and restrict the ability of non-compliant drivers to receive orders by lowering their evaluation under the “honor score” system. We also provide less driver incentive to non-compliant drivers.
 - o We also actively liaise with local authorities in cities where we operate to facilitate our drivers to obtain the Online Ride Hailing Driver’s License.

BUSINESS

It is difficult to predict when we will be able to fully rectify the non-compliance and reach 100% order compliance rate, since order compliance rate is affected by numerous factors such as future regulatory developments, supply and demand for ride hailing services, and our business growth in various cities, which are subject to uncertainty. Nevertheless, in light of our business strategy and internal control measures described above, we expect to maintain, if not improve, our relative position within the industry going forward.

Social Insurance

During the Track Record Period, we had not made adequate contributions to the social insurance plan for our employees as required under applicable PRC law. We were unable to make full contribution to the social insurance plan primarily because many of our employees were not willing to bear the costs associated with social insurance strictly in proportion to their salaries. In addition, during the Track Record Period we engaged third-party service providers to pay social insurance for some of our employees primarily due to the preference of these employees to participate in local social insurance schemes in their place of residency.

On September 21, 2018, the Ministry of Human Resources and Social Security of the PRC issued the Urgent Notice on Enforcing the Requirement of the General Meeting of the State Council and Stabilizing the Levy of Social Enforcement Payment (關於貫徹落實國務院常務會議精神切實做好穩定社保費徵收工作的緊急通知), which prohibits local authorities from organizing and conducting centralized collection of enterprises’ historical shortfall of social insurance contributions.

To ascertain the implication of the non-compliance on our operation, our PRC Legal Advisor has conducted extensive due diligence and consultation with the relevant local authorities. Through interviews and anonymous telephone consultations, our PRC Legal Advisor has obtained confirmations from the relevant local authorities that cover those of our Consolidated Affiliated Entities that collectively employ 97.9% of our employees, all of which confirmed that, absent of active review by competent authorities or reports or complaints by company employees, the competent authorities usually will not actively require companies to make up for historical shortfall of social insurance contributions.

Based on written confirmations received from certain relevant local authorities and public searches conducted by our PRC Legal Advisor, our PRC Legal Advisor also confirmed that, during the Track Record Period, we have not received any fines or penalties from competent authorities as a result of our inadequate contribution to our employees’ social insurance plan.

In addition, during the Track Record Period, we have not received any order of correction from competent authorities that require us to make up for historical shortfall of contributions within a specified time, and have not received any reports or complaints by our employees in relation to inadequate contribution. We are not involved in any material disputes with our employees with respect to our social insurance contribution.

BUSINESS

Our PRC Legal Advisor has advised us that, in light of the above urgent notice in 2018, the confirmations received from relevant local authorities, and our record during the Track Record Period as described above, absent of active review by competent authorities or reports or complaints by our employees, the chance that we will be subject to centralized collection of historical shortfall of social insurance contributions, or receive administrative fines or penalties, is remote. For a discussion of the risks associated with social insurance, see “Risk Factors—Risks Relating to Our Business and Industry—Failure to be in full compliance with PRC laws and regulations relating to social insurance may subject us to penalties.”

RISK MANAGEMENT AND INTERNAL CONTROL

We have devoted ourselves to establishing and maintaining risk management and internal control systems consisting of policies and procedures that we consider to be appropriate for our business operations. We are dedicated to continually improving these systems, developing a risk management culture, and raising the risk management awareness of all employees. We have adopted and implemented comprehensive risk management policies in various aspects of our business operations, such as information system, financial reporting, internal audit, and human resources.

In preparation for the [REDACTED], we engaged an independent third party consultant to perform a review over selected areas of our internal controls over financial reporting in January 2023 and April 2024. The scope of the review was agreed between us, the Joint Sponsors, and the consultant, and included entity-level controls, business-level controls including revenue and receivables, purchases and payables, fixed assets, intangible assets, insurance, treasury, financial reporting, payroll, related party transaction, budget management, tax, and research and development, and general controls of information technology. The consultant performed follow-up reviews in March 2023 and April 2024 to review the status of the management actions taken to address the findings of prior reviews. The consultant did not have any further recommendation in the follow-up reviews. The aforementioned reviews were conducted based on information we provided and the consultant expressed no assurance or opinion on internal controls.

Information System Risk Management

Our objectives for information system management are to identify, assess, monitor, and control information technology risks by establishing an effective mechanism to operate our business in a safe, continuous, stable, and compliant environment. We prioritize the maintenance, storage, security and protection of our important data such as business and financial data and other related information. We have implemented relevant internal procedures and controls to ensure that our data is protected and that leakage and loss of such data is avoided. During the Track Record Period and up to the Latest Practicable Date, we did not experience any material information leakage or loss of user data. We provide regular trainings to our information technology team and discuss any issues or necessary updates.

BUSINESS

We have strict data security management policies to ensure compliance with PRC data security and personal information protection laws and regulations, governing the access, use and storage of data, including, among others:

- *Organizational management.* We have established an organizational structure for data security and personal information protection, specifying the main duties of relevant departments. We have also set up a data and information security management workgroup led by our CTO under the risk management committee, effectively formulating data security and personal information protection plans, overseeing policy implementation, and conducting the data protection work, including, but not limited to, properly dealing with and preventing data security risks.
- *Full life cycle data security management.* We have formulated and implemented a whole set of data security management rules, which specify the full life cycle management for user data, including the requirements, standards, and operating procedures for user data collection, storage, use, transmission, provision, and deletion. We adhere to the principles of minimization and necessity in data collection, and have classified and graded data in accordance with the data categorization and classification security management rules, requiring safeguard measures for data at different grades based on its sensitivity and risk level. This also serves as the basis for determining internal data access and operation permissions. Meanwhile, we have established a rigorous access control procedure for data operations, requiring multi-level approval, authorization and supervision for data operations involving personal privacy information. Through implementing the internal data access and operation control measures based on the data categorization and classification management system, we have put in place a systematic framework for data security and personal information protection.
- *Comprehensive information security technical measures.* We have established information systems that provide security measures such as encryption algorithms when storing and transmitting confidential data and top-secret data. We strengthen the storage security of sensitive personal information by adopting AES encryption technology. We require the use of security protocols (such as HTTPS and SSL technology) to encrypt data transmission and adopt identity authentication and verification technologies to authenticate the identity of the data sender and receiver to enhance the security of data transmission. Additionally, we implement effective, periodic backup strategies to ensure the integrity and recoverability of data.
- *Emergency response plans.* We have established the rules for management of emergency response plans for information security incidents, and implemented the emergency response process for data security incidents accordingly. We clearly outline the requirements for emergency activation, response, and subsequent handling of such incidents. By organizing and conducting emergency response drills on a regular basis, we have also developed an emergency response plan management and emergency response work mechanism for data security incidents.

BUSINESS

- *Data security training mechanisms.* We have established a comprehensive and well-structured staff-oriented data compliance training system, ensuring organized data compliance training. We have prepared and maintained specialized internal records for the personal information protection trainings already conducted.
- *Continuously advancing our security and privacy compliance.* As the laws and regulations on data security and personal information protection continue to evolve, we are consistently following new requirements in the field of data security and personal information protection. This ongoing effort will further promote the development and implementation of structures and processes for the mechanism of data security risk assessment and personal information protection impact assessment, continually improving our data security and personal information protection level and capabilities.

Financial Reporting Risk Management

We have in place a set of accounting policies in connection with our financial reporting risk management, such as financial report management policies, budget management policies, financial statements preparation policies, and financial department and staff management policies. We have various procedures in place to implement accounting policies, and our financial department reviews our management accounts based on such procedures.

Internal Audit Risk Management

We value the importance of our internal audit, as it is essential to our stable operation and sustainable development. The objectives of our internal audit are to monitor the implementation of applicable laws and regulations and our internal policies, procedures, and standard operational procedures, to control our risk exposure at an acceptable level and to improve our business operations.

We have implemented an independent and vertical organizational system for our internal audit. We will set up an Audit Committee under the Board of Directors to organize and guide our internal audit work upon [REDACTED]. We will also set up an internal audit and risk management department that regularly reports to the Audit Committee and submits reports on audit projects in a timely manner.

As the executive department of our internal audit, the internal audit and risk management department is responsible for the supervision, evaluation and consulting independently. According to our internal audit procedures, the internal audit and risk management department is responsible for auditing and monitoring the soundness and effectiveness of our internal controls, reviewing the reliability of accounting records and financial statements, analyzing and assessing our business policies and activities of our business units for appropriateness, efficiency and compliance, and auditing and appraising the performance of our management team.

BUSINESS

Human Resources Risk Management and Anti-Corruption

We have implemented a human resource management system to ensure the effective functioning of us, safeguard the legitimate rights and interests of both parties to the employment relationship and improve operating efficiency. Our internal human resource management system covers all the stages of employment relationship, from recruitment to probation, appraisal, transition and exit. See “—Employees” for further details.

We have implemented internal anti-bribery and corruption rules to ensure compliance with relevant laws and regulations. Our anti-bribery and corruption rules define the scope of “bribery” and “corruption” and have detailed requirements as to gifts and banquets, conflict of interest, and financial reporting. Our legal and compliance department is responsible for the training, supervision, and execution of our anti-bribery and corruption rules and reports to our chief executive officer. We have set up a report center to collect information on suspected bribery and corruption incidents. We offer a reward to real-name informants who report proven bribery and corruption incidents. We also have investigation and punishment procedures in place. To prevent any employees from soliciting kick-backs, our procurement protocols require multiple departments to make decisions collectively, which reduces the likelihood of corrupt behaviors. Our procurement agreement with suppliers include anti-corruption provisions, and our dedicated internal control personnel regularly reviews procurement process and outcome. When we develop new business partners, we inform them of our anti-corruption policies and our dedicated compliance team is closely involved to conduct anti-corruption due diligence reviews. We may request our business partners to provide proof of compliance when we suspect violations of anti-corruption laws and regulations, and may terminate our relationship with a business partner that fails to provide satisfactory proof.

LICENSES AND PERMITS

Our PRC Legal Advisor has advised that as of the Latest Practicable Date, except for the licenses and permits discussed in “—Legal Proceedings and Compliance—Compliance Matters—Transportation Permits and Online Ride Hailing Driver’s Licenses,” we had obtained or were in the process of renewing all requisite licenses, permits, approvals, and certificates from the relevant government authorities that are material for our business operations and we have the up-to-date understanding with the applicable requirements. The following table sets forth details of our material licenses and permits.

License/Permit	Holder	Issuing Authority	Grant Date	Expiration Date
Value-added Telecommunications Business Operating License for Online Data Processing Business (Operational E-Commerce) and Internet Information Service (增值電信業務經營許可證)	Hangzhou Youxing	Bureau of Telecommunications Administration of Zhejiang Province (浙江省通信管理局)	August 12, 2022	August 11, 2027

BUSINESS

License/Permit	Holder	Issuing Authority	Grant Date	Expiration Date
Value-added Telecommunications Business Operating License for Online Data Processing Business (Operational E-Commerce) and Internet Information Service (增值電信業務經營許可證)	Suzhou Geely Youxing	Bureau of Telecommunications Administration of Jiangsu Province (江蘇省通信管理局)	June 24, 2024	June 24, 2029
Service Capability Recognition	Hangzhou Youxing	Department of Transport of Zhejiang Province (浙江省交通運輸廳)	February 22, 2017	N/A
Service Capability Recognition	Suzhou Geely Youxing	Department of Transport of Jiangsu Province (江蘇省交通運輸廳)	September 24, 2024	N/A
Temporary Vehicle License Plate (臨時行駛車號牌), which permits road testing of autonomous driving vehicles in Hangzhou	Hangzhou Youxing	Traffic Police Detachment of Hangzhou Public Security Bureau, Zhejiang Province (浙江省杭州市公安局交通警察支隊)	February 27, 2025	August 26, 2025
Temporary Vehicle License Plate (臨時行駛車號牌), which permits road testing of autonomous driving vehicles in Suzhou	Hangzhou Youxing	Traffic Police Detachment of Suzhou Public Security Bureau, Jiangsu Province (江蘇省蘇州市公安局交通警察支隊)	February 27, 2025	August 26, 2025

Our PRC Legal Advisor has advised us that such licenses and permits remain in full effect and had not been revoked or cancelled as of the Latest Practicable Date. Our PRC Legal Advisor also has advised us that, to the best knowledge of our PRC Legal Advisor, there is no legal impediment to renew such licenses and permits, as long as we comply with the relevant legal requirements and provided that we take all necessary steps and submit the relevant applications in accordance with the requirements and schedule prescribed by the applicable PRC laws and regulations.

For more information about the laws and regulations to which we are subject, see “Regulations.”

BUSINESS

AWARDS AND RECOGNITIONS

During the Track Record Period, we have received recognition for the quality and popularity of our services. Some of the significant awards and recognition that we or our senior management have received are set forth below.

<u>Award/Award/Recognition</u>	<u>Award Year</u>	<u>Awarding Institution/Authority</u>
Annual Pioneer Companies of 2024 (2024年度先鋒企業)	2024	China.com.cn (中國網)
China’s Most Popular Mobility Service Product/Platform of 2022 (2022年中國最受歡迎汽車出行產品/平台)	2023	iiMedia Research (艾媒諮詢)
Zhejiang’s Outstanding Group during the Asian Games and Asian Para Games in Hangzhou (杭州亞運會、亞殘運會浙江省先進集體)	2023	General Office of the People’s Government of Zhejiang and General Office of the Zhejiang Provincial Committee of the Communist Party of China (浙江省人民政府辦公廳和中共浙江省委辦公廳)
Top 100 New Generation Transportation Companies of 2021 (2021交通運輸新業態百強企業)	2022	China Transport Association (中國交通運輸協會)