You should read the following discussion and analysis in conjunction with our consolidated financial information and the related notes thereto included in the Accountant's Report in Appendix I to this document. Our consolidated financial information has been prepared in accordance with IFRS.

The following discussion and analysis contain forward-looking statements that involve risks and uncertainties. These statements are based on our assumptions and analysis in light of our experience and perception of historical trends, current conditions, and expected future developments, as well as other factors that we believe are appropriate under the circumstances. However, our actual results could differ materially from those anticipated in these forward-looking statements as a result of various factors, including those set forth under "Risk Factors" and elsewhere in this document. For further details, see "Forward-Looking Statements."

OVERVIEW

We are a ride hailing platform in China originally incubated by Geely Group. We have strengthened our brand image with a fleet of purpose-built vehicles. According to Frost & Sullivan, we have ranked among the top three ride hailing platforms in China based on GTV in the last three years.

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. For a revenue breakdown of our services, see "—Description of Major Components of Our Results of Operations—Revenues."

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. As of December 31, 2024, we have deployed a fleet of over 34,000 purpose-built vehicles across 31 cities, and the vehicles accounted for 25.1% of our total GTV in 2024. 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 revenues increased from RMB7.6 billion to RMB14.7 billion, and our gross profit margin improved from -4.4% to 8.1%.

REVENUE MODEL FOR MOBILITY SERVICES

Our mobility service revenue accounted for 97.9%, 96.6%, and 92.6% of our total revenues in 2022, 2023, and 2024, respectively. We act as a principal in providing mobility services to users and generate revenue on a gross basis from the amount paid by users. Our revenues are equal to GTV less (i) tolls, fees, and taxes and (ii) user incentives.

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

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

Note:

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

MAJOR FACTORS AFFECTING OUR RESULTS OF OPERATIONS

Industry Development

The overall development of the shared mobility industry is the most important factor affecting our results of operations. Over the past decade, shared mobility has seen rapid adoption and growth, which was subsequently affected by fluctuations due to stringent regulations and pandemic-related restrictions. The industry has rapidly recovered in the first half of 2023 after most of the pandemic-related restrictions were lifted, and this growth trajectory is expected to continue in the coming years, with a projected CAGR of 20.6% in terms of GTV from 2024 to 2028.

Another significant development in the shared mobility industry is the decentralization of user traffic. China's shared mobility market has transformed from one where a single player dominated the market to one where user traffic is more diversely distributed. In 2024, 31.0% of total orders in the industry were facilitated through aggregation platforms, compared to only 7.0% in 2019. This ratio is expected to grow to 53.9% in 2029 as nationally popular apps continue to keep their user traffic open to facilitate transactions by shared mobility service providers.

We are also affected by other general factors driving China's shared mobility industry, including the competitive landscape of this industry and relevant government policies and regulations.

Growth Strategy

Our results of operations are also affected by our ability to implement the right growth strategy to scale up quickly without sacrificing unit economics. We do not solely target growing scale, although aggregation platforms supply abundant user traffic and a great number of potential drivers could join the industry as long as lucrative incentives are offered. Instead, we aim for a sustainable growth that comes with a healthy unit economics, leveraging our competitive advantages on provision of satisfactory user experience, our purpose-built vehicles, and auto solution infrastructure. Starting from 2022, we strategically balance our goal to achieve profitability and our goal to grow in scale by pacing our nationwide expansion with operating efficiency. Our GTV increased by 37.5% from RMB8.9 billion in 2022 to RMB12.2 billion in 2023, and reached RMB17.0 billion in 2024. More importantly, we managed to improve our profitability while achieving this growth in scale. Our gross profit margin was negative 4.4% in 2022, and we achieved positive gross profit margins of 5.8% and 8.1% in 2023 and 2024, respectively.

China's shared mobility industry is expected to continue to expand, which forms an opportunity for industry players to grow. We will continue to explore and optimize our growth strategy, aiming to achieve a healthy combination of fast growth and profitability.

Technology

Technology is another essential factor that drives scale and efficiency. Our AI-powered CaoCao Brain ensures efficient order dispatch and efficient allocation of passenger and driver incentives to boost GTV growth. CaoCao Brain optimizes the use of the incentive within a prescribed budget. Currently, CaoCao Brain is responsible for allocating all of our user incentives, which greatly enhances our marketing efficiency with more targeted and optimized distribution of user incentives. We will continue to invest in technology driving growth and efficiency improvement going forward.

TCO-Optimized Purpose-Built Vehicles

Our differentiating advantage in the industry is our purpose-built vehicles that offer optimized TCO for drivers, translating to improved unit economics for us. Our continuing success depends on the smooth rollout, upgrade, and popular reception of our purpose-built vehicles. In addition, a growing number of drivers are attracted to our platform by the improved driving experience and TCO while we gradually contain our spending on driver incentives.

As of December 31, 2024, we deployed a fleet of over 34,000 purpose-built vehicles in 31 cities in China for the use of our affiliated drivers, making our fleet of purpose-built vehicles the largest among ride hailing platforms, 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. This is expected to further upgrade our mobility service, attract more drivers to our platform, and become an additional driver of revenue growth as we plan to open CaoCao 60, vehicle intelligence capabilities, and fleet management system to the whole shared mobility industry.

Selling and Marketing Efficiency

We have been enhancing our selling and marketing efficiency. Our selling and marketing expenses represented 7.8% of our total revenues in 2023, down from 8.4% in 2022, primarily due to a decrease in promotion, advertising, and incentives for customer referrals expenses, although the percentage increased to 8.3% in 2024 as we entered 85 new cities and incurred increased customer referral expenses.

PATH TO PROFITABILITY

Although we recorded net losses and significant borrowings throughout the Track Record Period, we believe that our business strategy constructs a substantial value proposition for both passengers and drivers. Our net losses incurred during the Track Record Period reflected the necessary investments made to build our shared mobility network and reach the critical mass required for our business. These investments included costs and expenses associated with passenger and driver acquisition and retention, marketing and branding, technology and operational enhancements, and purpose-built vehicle development and deployment. All these factors contributed to our ecosystem and elevated us to the scale needed to compete with major players in the industry. To finance these investments, we primarily relied on debt financings, instead of equity financings, and thus recorded significant borrowings during the Track Record Period.

In 2022, we made significant investments to achieve a substantial scale in major tier-one and tier-two cities across China and to build up a fleet of approximately 50,000 vehicles that we hold directly. Thereafter, we began to prioritize operating efficiency and profitability, supported by technology and brand awareness, over aggressive nationwide expansion. In 2023, our financial performance improved significantly as we substantially reduced our use of passenger and driver incentives. Concurrently, we still incurred significant expenses replacing a substantial portion of our vehicles with purpose-built vehicles, paving the way for our expansion into new cities in 2024 with an asset-light model. Between 2022 and 2024, our total assets decreased from RMB4.7 billion to RMB4.1 billion, primarily because we managed to maintain a stable fleet size and there was depreciation on the vehicles. Meanwhile, we were still able to grow our revenue from RMB7.6 billion to RMB14.7 billion as we significantly increased our collaboration with car-partners which held vehicles and strengthened our on-the-ground capabilities for geographical expansion. Going forward, we intend to maintain the size of our fleet at around 50,000 vehicles, while continuously replacing the approximately 16,000 non-purpose-built vehicles with purpose-built vehicles as they retire in existing cities. We will also continue to sell purpose-built vehicles to car partners when entering new cities.

The improvement in profitability we accomplished during the Track Record Period can be attributable to a number of factors. Our early investment in purpose-built vehicles, the loyalty of our core users, enhanced collaboration with aggregation platforms, and the recovery of the shared mobility industry from the COVID-19 pandemic have enabled our order volume and AOV to grow substantially since 2023. This growth led to a significant increase in our GTV and revenues. Specifically, our revenues increased from RMB7.6 billion in 2022 to RMB14.7 billion in 2024.

Our increase in total order volume and improvement in vehicle operating efficiency and user recognition enabled us to reduce our dependence on driver incentives and concurrently increase average driver IPH to attract and retain drivers. Adjusted driver earnings and incentives as a percentage of mobility service revenue decreased from 84.2% in 2022 to 79.1% in 2023 and 79.0% in 2024, while drivers' average IPH increased from RMB30.9 in 2022 to RMB36.1 in 2023 and slightly decreased to RMB35.7 in 2024, a year when driver IPH generally decreased across the industry due to increased competition and our driver IPH remained higher than other major participants, according to Frost & Sullivan. In the same period, we also entered a number of new cities and driver IPH is generally lower in the initial ramp-up period of new city entries, which contributed to the slight decrease in driver IPH. Consequently, our gross profit margin improved from -4.4% in 2022 to 8.1% in 2024.

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

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

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

Driving Sustainable and Efficient Revenue Growth

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

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

Expansive shared mobility market size with high growth potential

The Chinese economy began to steadily recover from the impact of the COVID-19 pandemic in 2023. Market enhancement is expected post-pandemic due to rising consumer demand for mobility in lower-tier cities, growing inclination towards BEVs, and expanding business activities. Consequently, China's mobility market is expected to increase from RMB8.0 trillion in 2024 to RMB10.6 trillion in 2029. The fastest growth is expected to be observed in the shared mobility market, with a projected increase from RMB344.4 billion in 2024 to RMB804.2 billion in 2029, owing to rising consumer demand for economical mobility options and an amplified penetration of shared mobility services in lower-tier cities.

We intend to capitalize on the upward industry trend. We plan to increase our penetration in existing cities and expand our reach in China by tapping into new city markets. To augment our total GTV whilst controlling expenditure to achieve profitability, we intend to partner with local stakeholders such as car partners to strengthen our on-the-ground capabilities for geographical expansion. We believe that our expansion strategy is feasible due to our scalable infrastructure and technology and our track record of steadily increasing gross profit performance along with expansive scale. Strategic partnerships with local stakeholders will facilitate market entry and help us navigate competitive landscapes. Furthermore, our strong brand recognition and operating efficiency will help attract users and manage costs effectively, ensuring sustainable growth. We are also well-positioned to accelerate the development of our other businesses, including vehicle sales, benefiting from strong synergies during expansion.

Enhanced collaboration with multiple aggregation platforms

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

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

Brand image enhancement through our differentiated services and user experience

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

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

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

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

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

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

Continually Improving Gross Profit Margin

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

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

To successfully implement our expansion strategies, we plan to enhance our collaboration with aggregation platforms to drive more traffic to our platform. Additionally, we will leverage our CaoCao Brain to optimize user incentive allocation, order distribution, operating efficiency, and user experience. We will continually enhance our brand recognition by emphasizing service quality, increasing market presence through collaboration with aggregation platforms, and attracting more users and fostering user loyalty through targeted marketing. Furthermore, we will deepen our collaboration with car partners to enable rapid expansion into new cities. We entered 85 new cities in 2024, all of which were done in collaboration with car partners through selling them our purpose-built vehicles, and expect to enter more cities going forward under the same model. This approach allows us to increase the scale of our operations without having to purchase and hold more vehicle ourselves, which would help with decreasing our financial leverage as we can strengthen our on-the-ground service capacities without incurring higher capital expenditure.

As our business scales and we increasingly enter new cities without holding the vehicles ourselves, we expect depreciation charges and auto servicing costs to decrease as a percentage of mobility service revenues, leading us towards further improvement in gross profit margins. The resulting improvement in profitability and operating cash flow is also expected to help us reduce our borrowings.

Further Improve Selling and Marketing Efficiency

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

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

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

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

IMPACT OF THE COVID-19 PANDEMIC ON OUR OPERATIONS AND FINANCIAL PERFORMANCE

The COVID-19 pandemic had materially and adversely affected our operations and financial performance in 2022. In particular, in 2022, there were sporadic COVID-19 outbreaks in China due to the Delta and Omicron variants. The associated restrictions, quarantines, lockdowns, and related measures in various regions of China constrained the public demand for mobility services and the supply of drivers on our platform. China continuously optimized and adjusted COVID-19 prevention and control measures with the aim of protecting health, and lifted most of the travel restrictions and quarantine requirements in December 2022. There were significant increases of COVID-19 cases in many cities in China around this time, which adversely affected our operations and financial performance in the fourth quarter of 2022. As a result, our GTV was RMB8.9 billion in 2022 and our revenue was RMB7.6 billion in 2022. See "Risk Factors—Risks Relating to our Business and Industry—Our business could be adversely affected by natural disasters, public health crises, economic downturns, or other unexpected events."

On January 8, 2023, China downgraded the management of COVID-19 from Class A to Class B, and most of the pandemic control measures were therefore lifted or adjusted. As a result, our total drivers' service hours increased from 57.8 million in the fourth quarter of 2022 to 59.0 million in the first quarter of 2023, and further to 76.0 million in the second quarter of 2023. We rapidly grew our business in 2023 amid the rapid recovery of shared mobility in a post-pandemic ear. As a result, our GTV increased to RMB12.2 billion in 2023 from RMB8.9 billion in 2022, and our revenue from mobility service increased to RMB10.3 billion in 2023 from RMB7.5 billion in 2022. In light of the recovery of the share mobility market and our business, our Directors are of the view that, although the COVID-19 pandemic materially and adversely affected our business during the Track Record Period, such adverse impact was temporary.

BASIS OF PRESENTATION

Our historical financial information has been prepared in accordance with IFRS accounting standards, which comprise all standards and interpretations approved by the International Accounting Standards Board. We have adopted all IFRS accounting standards effective for the accounting period commencing from January 1, 2022, together with the relevant transitional provisions, in the preparation of the historical financial information throughout the Track Record Period. The historical financial information has been prepared under the historical cost convention, as modified by the revaluation of financial assets and liabilities at fair value through profit or loss, which are carried at fair value. The preparation of the historical financial information in conformity with IFRS accounting standards requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying our accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the historical financial information, are disclosed in note 4 to the Accountant's Report included in Appendix I to this document.

The Group resulted from the Reorganization is regarded as a continuation of the business operated by our PRC operating entities. The historical financial information has been prepared on a consolidated basis and is presented using the respective carrying amounts of our business as recorded in the consolidated financial statements of our PRC operating entities for all periods presented.

Inter-company transactions, balances, and unrealized gains or losses on transactions between group companies are eliminated on consolidation.

As of December 31, 2024, we have net current liabilities of RMB8.1 billion and total deficit of RMB7.2 billion. In 2024, we incurred a net loss of RMB1.2 billion, although we had net operating cash inflow of RMB0.2 billion. Historically, in addition to capital contribution from shareholders, we have relied on multiple financing sources, including borrowings from banks and other financial institutions, ABSs, and ABNs, some of which guaranteed by related parties, to fund our operations and business development. Our ability to continue as a going concern is largely dependent on the successful implementation of our plan to obtain additional external financing on a timely basis, improve our operating cashflow, and manage our capital expenditures. Our management has prepared a cash flow projection covering not less than 12 months from December 31, 2024. The cash flow projection has taken into account the anticipated cash flows to be generated by us and the available financing resources during the projection period. Our Directors, after making due enquiries and considering the basis of management's projection described above, believe that our current cash and cash equivalents, cash proceeds from recent financing arrangements and the anticipated cash flows from operations and financing activities will be sufficient to meet our anticipated working capital requirements, capital expenditure requirements and to repay our liabilities for the next twelve months from the date of issuance of these consolidated financial statements. Consequently, the historical financial information has been prepared on a going concern basis, which contemplates the realization of assets and settlement of liabilities in the normal course of business. For details, see note 2 to the Accountant's Report in Appendix I to this document.

CRITICAL ACCOUNTING POLICIES AND ESTIMATES

Some of our accounting policies require us to apply estimates and assumptions as well as complex judgments relating to accounting items. The estimates and assumptions that we use and the judgments that we make in applying our accounting policies have a significant impact on our financial condition and results of operations. Our management continually evaluates such estimates, assumptions, and judgments based on past experience and other factors, including expectation of future events that are believed to be reasonable under the circumstances. There has not been any material deviation between our management's estimates or assumptions and actual results, and we have not made any material changes to these estimates or assumptions during the Track Record Period. We do not expect any material changes in these estimates and assumptions in the foreseeable future.

Set forth below are discussions of the accounting policies that we believe are of critical importance to us or involve the most significant estimates, assumptions, and judgments used in the preparation of our financial statements. Other material accounting policies, estimates, assumptions, and judgments, which are important for understanding our financial condition and results of operations, are set forth in detail in note 39 to the Accountant's Report in Appendix I to this document.

Revenue Recognition

We generate revenues primarily from mobility services in the form of ride hailing. In connection with the mobility services, we also generate revenues from vehicle leasing, vehicle sales, and other services. We recognize revenues when or as the control of the promised goods or services is transferred to customers, netting of value-added tax. Depending on the terms of the contracts and the laws that apply to the contracts, if control of the promised goods or services is transferred over time, revenues are recognized over the period of the contracts by reference to the progress towards complete satisfaction of those performance obligations. Otherwise, revenues are recognized at a point in time when the users obtain control of the promised goods or services. Revenues are only recognized to the extent that it is highly probable that a significant reversal will not occur.

We evaluate whether we act as a principal or an agent to determine whether it is appropriate to record the gross amount of revenues and related costs or the net amount earned as commission. We are a principal if we control the specified goods or services before being transferred to customers. Generally, a principal is the primary obligor, has latitude in establishing the selling price, or is subject to inventory risks. Otherwise, we are an agent to arrange for goods or services to be provided by other parties.

Principal Revenue Types

Mobility Services – Ride Hailing

We provide mobility services in the form of ride hailing under the brand of CaoCao Mobility and Limao Mobility. Meanwhile, we also provide offline taxi hailing services under the brand of Limao Mobility. According to the relevant PRC regulations and the service agreements with users, we consider ourselves a mobility service provider. For all ride hailing services offered, names of the services and the service providers with the corresponding service agreements are displayed on our platform. Users can choose ride hailing services based on their needs and preferences. When a user selects and initiates a ride service request, an estimated service fee is displayed, and the user can further decide whether to place the service request or not. Once a user places the ride service request and we accept the service request, a service agreement is entered into between the user and us. Upon completion of the ride hailing services, we recognize mobility service revenue on a gross basis. Please refer to "—Revenue Model for Mobility Services" for details.

According to the relevant PRC regulations, online ride hailing service platforms are required to obtain online ride hailing permit and take full responsibility of the ride services. The relevant regulations also require the licensed platforms to ensure that the drivers and vehicles engaged in providing ride services meet the requirements stipulated by the regulations. Accordingly, we, as an online ride hailing service platform, consider ourselves the principal for our ride hailing services because we control the services provided to users. The control over the services provided to users is demonstrated through the following factors: (i) we are able to direct registered drivers to deliver ride hailing services on our behalf based on the service agreement that we entered into with users, and if the assigned driver is not able to deliver the services under limited circumstances, we will assign another registered driver to deliver the services; (ii) in accordance with the agreements between the drivers and us, the drivers are obligated to comply with service standards and implementation rules set by us when providing the ride hailing services on behalf of us; and (iii) we evaluate the drivers' performance regularly in accordance with the standards set by us. Other indicators of us as the principal are demonstrated by the following factors: (i) we are obligated to fulfill the promise to provide the ride hailing services to users in accordance with the relevant PRC regulations and service agreements; and (ii) according to applicable necessary procedures, we have the discretion in setting the prices for the services.

A contract liability represents our obligation to transfer services to a user for which we have received consideration (or an amount of consideration is due) from the user. Our contract liabilities were mainly resulted from advance payments by users from ride hailing services in China.

The incremental costs of obtaining a contract with a user is recognized as an asset if we expect to recover those costs. As a practical expedient, we elect to recognize the incremental costs of obtaining a contract as an expense when incurred if the amortization period of the asset that we would have otherwise recognized is one year or less.

Vehicle Leasing

We also lease vehicles to primarily our car partners with discounts conditioned on completion of certain number of orders to incentivize them to contribute more service capacity to our platform. We generally consider ourselves to be the accounting lessor, as applicable, in these arrangements in accordance with IFRS 16.

A lease is classified as a financing lease if it transfers substantially all the risks and rewards incidental to ownership of the underlying asset, and classified as an operating lease if it does not.

We also earn rental income from operating leases of vehicles. Rental income is recognized on a straight-line basis over the term of lease.

Vehicle Sales

During the Track Record Period, we sold vehicles to our car partners, third-party fleet operators, individual drivers and automobile dealers. Revenue is generally recognized at a point in time when the customers obtain possession of and control of the promised goods in the contract. A receivable is recognized when the goods are delivered as this is the point in time that the consideration is unconditional. We offered sales rebate if certain criteria were met according to the sales contracts. Revenue is recognized netting of such sales rebate.

Others

We provide or used to provide advertising, transportation support services, intra-city delivery, customer referrals, technological support, and certain other services.

Advertising revenue is derived by delivering advertisements on CaoCao Mobility's platforms and its vehicles. Advertising revenue is recognized on a pro rata basis over the contractual service period. We provided transportation support services to Geely Group during the 2023 Asian Games and Asian Para Games in Hangzhou, China and such revenue is recognized over the contractual service period. We historically provided intra-city delivery service, and its revenue is recognized at a point in time when the service is completed and accepted by users. We provided customer referral services to a related party who enters into finance lease contracts with vehicle buyers. This revenue is recognized when the service has been rendered. Technological support and other services are recognized at a point in time when the customers obtain control of the promised goods or services.

Incentive Programs

User Incentives

We offer various incentive programs to our users, including fixed amount discounts and fixed percentage discounts. If we do not receive distinct goods or services from our users, user incentives are recorded as a reduction of revenue. That said, the revenue is recognized after deducting user incentives. We operate a loyalty program where users accumulate reward points for orders placed, which entitle them to discounts on future orders. A contract liability for reward points is recognized at the time of sale, which is allocated between the fair value of the services provided and the reward points. Revenue is recognized when the points are redeemed or when they expire.

Customer Referrals

Customer referral fees are earned by an existing user when the existing user refers a new user to us and the new user referred uses services offered on our platform. These customer referral incentives are typically paid in cash to the referring users to attract new users to our platform. We record the liability for these referrals and corresponding expenses as sales and marketing expenses at the time that the referral fee is earned by the referring users.

Variable Considerations

The amount of consideration to which we will be entitled may be less than the estimated service fee in the service request if the consideration is variable because we may offer the customer a price concession. We also offer rebates to our car partners that are conditional on completion of certain number of orders. We estimate the amount of consideration to which we will be entitled using the most likely amount. The estimated amount of variable consideration is included in the transaction price only to the extent that is highly probable that such an inclusion will not result in a significant revenue reversal in the future when the uncertainty associated with the variable consideration is subsequently resolved.

When there are changes in circumstances, we update the estimated transaction price (including updating its assessment of whether an estimate of variable consideration is constrained) to better predict the circumstances present at the end of the reporting period and the changes in circumstances during the Track Record Period.

Incentives to Registered Drivers Providing Ride Hailing Services

The incentives to drivers providing ride hailing services are recognized as cost of sales as they are part of our fulfillment costs for completing the performance obligation under the ride hailing services.

Share-Based Compensation

Share-based compensation benefits are provided to employees via the employee option plan. The fair value of options granted under the employee option plan is recognized as an employee benefits expense, with a corresponding increase in equity. The total amount to be expensed is determined by reference to the fair value of the options granted:

1. including any market performance conditions (e.g. the entity's share price),

2. excluding the impact of any service and non-market performance vesting conditions (e.g. profitability, sales growth targets and remaining an employee of the entity over a specified time period), and

3. including the impact of any non-vesting conditions (e.g. the requirement for employees to save or hold shares for a specific period of time).

The total expense is recognized over the vesting period, which is the period over which all of the specified vesting conditions are to be satisfied. At the end of each period, the entity revises its estimates of the number of options that are expected to vest based on the non-market vesting and service conditions. It recognizes the impact of the revision to original estimates, if any, in profit or loss, with a corresponding adjustment to equity.

Our grant of equity instruments to the employees of our subsidiaries and Consolidated Affiliated Entities are made in exchange for their services related to the subsidiaries and Consolidated Affiliated Entities. Accordingly, the share-based compensation expenses are treated as part of the "investments in subsidiaries" in our statements of financial position.

Estimation of the Fair Value of Level 3 Financial Liabilities

Financial Instruments Issued to Investors of Series B Preferred Shares

Financial liabilities are measured at FVPL when the financial liability is (i) contingent consideration of an acquirer in a business combination to which IFRS 3 Business Combinations applies, (ii) held for trading or (iii) designated as financial liabilities at FVPL.

A financial liability other than a financial liability held for trading or contingent consideration of an acquirer in a business combination may be designated as financial liabilities at FVPL upon initial recognition if: such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise from measuring assets or liabilities or recognizing the gains and losses on them on different bases; or the financial liability forms part of a group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with our documented risk management or investment strategy, and information about the grouping is provided internally on that basis; or it forms part of a contract containing one or more embedded derivatives, and IFRS 9 permits the entire combined contract to be designated as financial liabilities at FVPL.

We have designated the financial instruments issued to investors of Series B Preferred Shares which contains redemption features and other embedded derivatives as financial liabilities at FVPL on initial recognition. The fair value change of financial instruments issued to investors of Series B Preferred Shares is recognized to profit or loss except for the portion attributable to credit risk change which shall be recognized to other comprehensive income, if any. Our Directors considered that the credit risk change on the financial liabilities that drive the fair value change of the financial liabilities during the Track Record Period is immaterial. Financial instruments issued to investors of Series B Preferred Shares are classified as non-current liabilities as of December 31, 2022, and 2023, and as current liabilities as of December 31, 2024.

Subsidiaries Controlled Through Contractual Arrangements

In order to comply with the PRC laws and regulations which prohibit or restrict foreign control of companies involved in internet content provision services, we operate our business operations within these areas in the PRC through the Consolidated Affiliated Entities, whose equity interests are held by its registered shareholders ("Nominee Shareholders"). We signed Contractual Arrangements with the Consolidated Affiliated Entities. The Contractual

Arrangements include exclusive management services and business cooperation agreement, exclusive option agreements, equity pledge agreements, powers of attorney and spousal consents letters, which enable us to:

- govern the financial and operating policies of the Consolidated Affiliated Entities;
- exercise equity holder voting rights of the Consolidated Affiliated Entities;
- receive substantially all of the economic interest returns generated by the Consolidated Affiliated Entities in consideration for the technical support, consulting and other services provided exclusively by the WFOE's discretion;
- obtain an irrevocable and exclusive right to purchase part or all of the equity interests in the Consolidated Affiliated Entities at any time and from time to time, at the minimum consideration permitted by the relevant law in China at the time of transfer; and
- obtain a pledge over all of its equity interests from its respective Nominee Shareholders as collateral for all of the Consolidated Affiliated Entities' payments due to us to secure performance of entities' obligation under the Contractual Arrangements.

Accordingly, we have the rights to control the Consolidated Affiliated Entities. As a result, the Consolidated Affiliated Entities are presented as entities controlled by us.

Property, Plant and Equipment

Property, plant and equipment are stated at historical cost less accumulated depreciation and impairment, if any. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to us and the cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate asset is derecognized when replaced. All other repairs and maintenance are charged to profit or loss during the Track Record Period in which they are incurred.

Depreciation is calculated using the straight-line method to allocate their cost or revalued amounts, net of their residual values, over their estimated useful lives:

	Estimated useful lives	Residual rate
Vehicles	5~6 years	0%~20%
Furniture and office equipment	5~8 years	5%
Leasehold improvement	Shorter of remaining lease term or useful life	

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount. Gains and losses on disposals are determined by comparing proceeds with carrying amount and are recognized in "Other gains/(losses) – net" in the consolidated statements of profit or loss.

Property, plant and equipment and right-of-use assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (CGU). The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. At the end of each reporting period, we review the recoverable amount of property, plant and equipment, right-of-use assets, intangible assets and CGUs allocated with goodwill which involves judgment on the determination of their fair value less costs of disposal and value in use. The fair value less costs of disposal is determined based on market comparison approach by reference to recent sales or market rents of comparable assets and the value in use is determined by discounting projected cash flow series associated with the assets using risk-adjusted discount rates. Property, plant and equipment and right-of-use assets that suffered an impairment are reviewed for possible reversal of the impairment at the end of each reporting period. See notes 13 and 39.5 to the Accountant's Report in Appendix I for details.

Borrowings and Borrowing Costs

Borrowings are initially recognized at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortized cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognized in profit or loss over the period of the borrowings using the effective interest method. Fees paid on the establishment of loan facilities are recognized as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalized as a prepayment for liquidity services and amortized over the period of the facility to which it relates.

Borrowings are removed from the consolidated balance sheets when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognized in profit or loss as other income or finance costs.

Borrowings are classified as current liabilities unless we have an unconditional right to defer settlement of the liability for at least 12 months after the reporting period.

General and specific borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalized during the period of time that is required to complete and prepare the asset for its intended use or sale. Qualifying assets are assets that necessarily take a substantial period of time to get ready for their intended use or sale.

Other borrowing costs are expensed in the period in which they are incurred.

RESULTS OF OPERATIONS

The following table sets forth a summary of our consolidated statements of profit or loss in absolute amount and as a percentage of our revenues for the periods indicated. This information should be read together with our consolidated financial statements and related notes included elsewhere in this document. The results of operations in any period are not necessarily indicative of our future trends.

	For the Year Ended December 31,					
	2022		2023		2024	
	RMB	%	RMB	%	RMB	%
	(RMB in thousands, except percentages)					
Revenue	7,630,961	100.0	10,667,894	100.0	14,657,499	100.0
Cost of sales	(7,969,949)	(104.4)	(10,052,491)	(94.2)	(13,471,519)	(91.9)
Gross (loss)/profit	**(338,988)**	**(4.4)**	**615,403**	**5.8**	**1,185,980**	**8.1**
Selling and marketing expenses	(639,329)	(8.4)	(836,299)	(7.8)	(1,222,042)	(8.3)
General and administrative expenses	(743,841)	(9.7)	(1,204,092)	(11.3)	(762,019)	(5.2)
Research and development expenses	(225,224)	(3.0)	(339,473)	(3.2)	(234,462)	(1.6)
Other income	39,122	0.4	139,870	1.2	192,314	1.3
Other gains, net	45,291	0.6	52,104	0.5	47,419	0.3
Net impairment losses on financial assets	(3,059)	(0.0)	(2,910)	(0.0)	(7,694)	(0.1)
Operating loss	**(1,866,028)**	**(24.5)**	**(1,575,397)**	**(14.8)**	**(800,504)**	**(5.5)**

	For the Year Ended December 31,					
	2022		2023		2024	
	RMB	%	RMB	%	RMB	%
	(RMB in thousands, except percentages)					
Finance income	9,193	0.1	17,097	0.1	10,822	0.1
Finance costs	(259,325)	(3.4)	(312,636)	(2.9)	(327,967)	(2.2)
Finance costs, net	(250,132)	(3.3)	(295,539)	(2.8)	(317,145)	(2.1)
Changes in the carrying amount of financial liabilities at fair value through profit or loss	(14,144)	(0.2)	(69,060)	(0.6)	(88,693)	(0.6)
Loss before income tax	**(2,130,304)**	**(28.0)**	**(1,939,996)**	**(18.2)**	**(1,206,342)**	**(8.2)**
Income tax credit/(expenses)	123,204	1.7	(41,062)	(0.4)	(40,047)	(0.3)
Loss for the year	**(2,007,100)**	**(26.3)**	**(1,981,058)**	**(18.6)**	**(1,246,389)**	**(8.5)**
Loss for the year attributable to:						
Owners of the Company	(1,972,065)	(25.8)	(1,916,483)	(18.0)	(1,250,769)	(8.5)
Non-controlling interests	(35,035)	(0.5)	(64,575)	(0.6)	4,380	0.0

NON-IFRS MEASURES

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

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

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

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

	For the Year Ended December 31,		
	2022	**2023**	**2024**
	(RMB in thousands, except percentages)		
Loss for the year	**(2,007,100)**	**(1,981,058)**	**(1,246,389)**
Net loss margin (%)	(26.3)	(18.6)	(8.5)
Add:			
[**REDACTED**] expenses	5,843	25,000	32,283
Share-based compensation expenses	335,782	920,537	401,416
Changes in the carrying amount of financial liabilities at fair value through profit or loss	14,144	69,060	88,693
Adjusted loss for the year (non-IFRS measure)	**(1,651,331)**	**(966,461)**	**(723,997)**
Adjusted loss margin (non-IFRS measure) (%)	**(21.6)**	**(9.1)**	**(4.9)**

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

DESCRIPTION OF MAJOR COMPONENTS OF OUR RESULTS OF OPERATIONS

Revenues

During the Track Record Period, we derived our revenues primarily from mobility services in the form of ride hailing. We also offer vehicle leasing primarily to our car partners, and sell vehicles primarily to our car partners, third-party fleet operators, and individual drivers. Mobility service revenue accounted for 97.9%, 96.6%, and 92.6% of our total revenues in 2022, 2023, and 2024, respectively.

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

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

Mobility Services

Mobility service revenue is generated from our online ride hailing services on the CaoCao Mobility app, Limao Mobility app, mini-programs on WeChat and Alipay, and various aggregation platforms. Our ride hailing services include express mobility service and premier mobility service. The express mobility service under the brand of CaoCao Mobility is our main service line and offers an affordable, convenient, and comfortable option for the daily needs of users. The premier mobility service under the brand of CaoCao Mobility delivers enhanced level of comfort and higher-quality service with professionally trained drivers and a variety of amenities. In addition, under the brand of Limao Mobility, we provide both online ride hailing services and offline taxi hailing services.

We recognize mobility service revenue on a gross basis as we consider ourselves the ride service provider in accordance with the service agreements and the regulations in China. Please refer to "—Revenue Model for Mobility Services" and "—Critical Accounting Policies and Estimates—Revenue Recognition" for details.

Our mobility service revenue grew significantly from 2022 to 2024 as we rapidly grew our business amid the rapid recovery of shared mobility in a post-pandemic era, gained more user traffic from aggregation platforms, and enhanced user satisfaction and loyalty backed by our strong brand recognition among users with a growing fleet of purpose-built vehicles. We expect our mobility service revenue to continue to grow and be a material contributor to our total revenues in the foreseeable future as the shared mobility industry continues to expand and as we implement our growth strategy.

Vehicle Leasing

We generate revenues from leasing vehicles. We lease vehicles primarily to our car partners to increase our platform's service capacity. Our car partners independently hold and manage the vehicles and supply them to our platform and sometimes to other shared mobility platforms. To incentivize the car partners and drivers to contribute more service capacity to our platform, we offer discounts of leasing fees conditioned on the completion of certain number of orders. Vehicle leasing revenue is recognized on a straight-line basis over the term of lease.

Our vehicle leasing revenue fluctuated during the Track Record Period in line with the number of vehicles we leased, and the revenue was not a significant contributor to our total revenue. We expect our vehicle leasing revenue to fluctuate in line with the number of vehicles we lease.

Vehicle Sales

We generate revenues from selling vehicles. Vehicle sales revenue is recognized at a point in time when the customers obtain possession and control of the promised goods in the contract and net of sales rebate.

Before 2023, we occasionally sold vehicles purchased from Geely Group to our car partners to increase the service capacity of our platform. In 2023, we launched our second-generation purpose-built vehicle, CaoCao 60. Our revenue from vehicle sales increased significantly since 2023 as we developed our vehicle sales business more systematically. We sold purpose-built vehicles through the PBV Co. Our target customers for purpose-built vehicles include our car partners, third-party fleet operators, and individual drivers. We expect our vehicle sales revenue to increase in the near future.

Cost of Sales

Our cost of sales primarily consists of (i) driver earnings and incentives for mobility services, (ii) depreciation charges of property, plant and equipment, primarily our vehicles, (iii) auto servicing costs, and (iv) commissions paid to car partners, among others.

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

	For the Year Ended December 31,					
	2022		2023		2024	
	RMB	%	RMB	%	RMB	%
	(RMB in thousands, except percentages)					
Cost of sales:						
Driver earnings and incentives for mobility services	6,285,003	78.9	8,146,397	81.0	10,715,053	79.5
Depreciation charges of property, plant and equipment	649,974	8.2	655,259	6.5	676,171	5.0
Battery service fee	39,462	0.5	152,608	1.5	226,145	1.7
Auto servicing cost:						
– Vehicle maintenance charges	149,817	1.9	112,439	1.2	136,699	1.0
– Insurance cost	440,259	5.5	426,025	4.2	342,425	2.5
Subtotal of auto servicing cost	590,076	7.4	538,464	5.4	479,124	3.5
Commissions paid to car partners	133,672	1.7	192,021	1.9	308,926	2.3
Employee benefits[(1)]	1,179	0.0	—	—	—	—
Depreciation charges of right-of-use assets	65,662	0.8	55,411	0.6	46,838	0.3
Cost of vehicles sold	27,894	0.3	113,621	1.1	820,087	6.1
Others	177,027	2.2	198,710	2.0	199,175	1.6
Total	**7,969,949**	**100.0**	**10,052,491**	**100.0**	**13,471,519**	**100.0**

Note:

(1) Certain drivers for the CaoCao Mobility brand were employed under labor contracts in 2022, whose earnings were recorded as employee benefits of cost of sales. All of these drivers were converted from employees to independent contractors by the end of 2022. After such conversion, driver earnings for the same group of drivers are recorded under driver earnings and incentives for mobility services. For details, see "Business—Our Drivers—Our Driver Base."

Since 2022, after achieving substantial scale across China, we began to prioritize operating efficiency and profitability supported by technology and brand awareness, over aggressive nationwide expansion driven by passenger and driver incentives. We focused on driving revenue growth by service quality, continually improving gross profit margin, and further enhancing operating leverage, and thereby improving profitability and business sustainability. Our adjusted driver earnings and incentives (which measures our total driver cost) 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. Our cost of sales increased in absolute amount as we grew our business, but decreased as a percentage of our total revenues from 2022 to 2024, mainly due to the decrease in driver earnings and incentives for mobility services as a percentage of our total revenues, resulting from our improved operating efficiency, reduced incentives for drivers, and a fleet of continually growing purpose-built vehicles with reduced vehicle TCO.

Gross (Loss)/Profit

Our gross profit represents our revenue less our cost of sales. Our gross margin represents our gross (loss)/profit as a percentage of our revenue. Our gross loss was RMB339.0 million in 2022. Our gross profit was RMB615.4 million and RMB1,186.0 million in 2023 and 2024, respectively. Our gross loss margin was 4.4% in 2022. Our gross profit margin was 5.8% and 8.1% in 2023 and 2024, respectively.

Our gross margin improved significantly during the Track Record Period primarily due to the improvement in our gross margin for mobility services, which, in turn, was primarily because the growth rate of our revenues growth rate outpaced the growth rate of our cost of sales. Specifically, we increased our mobility service revenue as a result of our business expansions, and decreased driver earnings and incentives for mobility services as a percentage of our mobility service revenue as we were able to reduce driver incentives with the increased number of orders that we distributed to each driver and the increased AOV, as well as the reduced vehicle TCO supported by the rollout of our purpose-built vehicles and comprehensive auto solutions. The gross margin for vehicle leasing increased from 2022 to 2023 and decreased subsequently, primarily because the margin in 2022 and 2023 was abnormally high since certain old vehicle models that we leased had no corresponding depreciation charges in those periods (because their depreciation had already been fully accounted for). In 2024, those old vehicle models had been retired, bringing gross profit margin lower, although the decrease is partially offset by our shift towards leading higher-margin vehicle models in general. The gross margin for vehicle sales decreased significantly in 2023, primarily because we procured certain vehicle batteries at higher prices for CaoCao 60 when the supply of vehicle batteries could not meet demand in China, and subsequently sold these vehicles according to the then market price that have fallen back to normal in 2023. We do not expect this abnormal event to reoccur in the foreseeable future, and the gross margin for vehicle sales rebounded in 2024.

The following table sets forth a breakdown of our gross (loss)/profit and gross margin for the periods indicated.

	For the Year Ended December 31,					
	2022		2023		2024	
	Gross (loss)/ profit	Gross (loss)/ profit margin	Gross (loss)/ profit	Gross (loss)/ profit margin	Gross profit	Gross profit margin
	RMB	%	RMB	%	RMB	%
	(RMB in thousands, except percentages)					
Mobility Services	(374,891)	(5.0)	569,994	5.5	1,080,527	8.0
Vehicle Leasing	19,566	19.4	37,460	24.9	41,850	22.4
Vehicle Sales	4,291	13.3	(13,694)	(12.0)	46,673	5.4
Others	12,046	39.6	21,643	21.1	16,930	45.7
Total	**(338,988)**	**(4.4)**	**615,403**	**5.8**	**1,185,980**	**8.1**

Selling and Marketing Expenses

Our selling and marketing expenses primarily consist of (i) commissions charged by aggregation platforms, (ii) promotion, advertising, and incentives for customer referrals, (iii) employee benefit expenses, and (iv) customer service fees, among others.

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

	For the Year Ended December 31,					
	2022		2023		2024	
	RMB	%	RMB	%	RMB	%
	(RMB in thousands, except percentages)					
Selling and marketing expenses:						
Commissions charged by aggregation platforms	321,579	50.3	666,857	79.7	1,046,279	85.6
Promotion, advertising, and incentives for customer referrals	260,744	40.8	114,503	13.7	85,681	7.0
Employee benefit expenses	31,132	4.9	29,812	3.6	38,229	3.1
Customer service fees	23,262	3.6	20,484	2.4	22,049	1.8
Others	2,612	0.4	4,643	0.6	29,804	2.5
Total	**639,329**	**100.0**	**836,299**	**100.0**	**1,222,042**	**100.0**

Our selling and marketing expenses increased significantly in absolute amount during the Track Record Period primarily due to our investment in passenger and driver acquisition. The increasing transaction value of orders facilitated by aggregation platforms also significantly contributed to the increase as we paid more commissions. Specifically, GTV attributable to aggregation platforms accounted for 49.9%, 73.2%, and 85.4% of our total in 2022, 2023, and 2024, respectively. The commission fees we paid to these platforms as a percentage of the GTV they facilitated remained stable, accounting for 7.3%, 7.5%, and 7.2% of the GTV they facilitated in 2022, 2023, and 2024, respectively. Leveraging our brand recognition built through previous investments, our promotion, advertising, and incentives for customer referrals expenses decreased between 2022 and 2024. We have strategically shifted our growth increasingly towards aggregation platforms since the beginning of 2023, which enables us to obtain user traffic more cost-effectively. These tactical adjustments allow us to diversify our user acquisition methods cost-effectively, expand our customer base, and increase our total order volume. As a result, our total user acquisition costs decreased as a percentage of total GTV from 22.2% in 2022 to 18.1% in 2023, although it increased to 22.8% in 2024 as we entered 85 new cities and incurred relatively higher user acquisition costs as a percentage of total GTV in these cities to quickly capture market share and as we increased spending on user acquisitions in existing cities.

General and Administrative Expenses

Our general and administrative expenses primarily consist of (i) employee benefit expenses, (ii) operation agent service fee, which represents service fee for operation agents that help us manage our vehicles and affiliated drivers in certain cities, (iii) depreciation charges of right-of-use assets, (iv) depreciation charges of property, plant and equipment, and (v) professional service expenses, among others.

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

	For the Year Ended December 31,					
	2022		2023		2024	
	RMB	%	RMB	%	RMB	%
	(RMB in thousands, except percentages)					
General and administrative expenses:						
Employee benefit expenses	584,717	78.6	1,032,735	85.8	559,926	73.5
Operation agent service fee	30,154	4.1	46,321	3.8	60,604	8.0
Depreciation charges of right-of-use assets	20,279	2.7	14,668	1.2	10,248	1.3

	For the Year Ended December 31,					
	2022		2023		2024	
	RMB	%	RMB	%	RMB	%
	(RMB in thousands, except percentages)					
Depreciation charges of property, plant and equipment	6,533	0.9	7,767	0.6	8,507	1.1
Professional service expenses	10,333	1.4	8,671	0.7	16,489	2.2
Audit services	588	0.1	639	0.1	623	0.1
Others	91,237	12.2	93,291	7.8	105,622	13.8
Total	**743,841**	**100.0**	**1,204,092**	**100.0**	**762,019**	**100.0**

Our general and administrative expenses increased significantly in absolute amounts from 2022 to 2023 as we improved our internal support functions along with our business growth and incurred share-based compensation expenses. Our general and administrative expenses decreased significantly in absolute amounts from 2023 to 2024, primarily due to a decrease in share-based compensation expenses.

Research and Development Expenses

Our research and development expenses primarily consist of employee benefit expenses, technology services, and others that primarily include depreciation of right-of-use assets, depreciation of property, and plant and equipment, among others.

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

	For the Year Ended December 31,					
	2022		2023		2024	
	RMB	%	RMB	%	RMB	%
	(RMB in thousands, except percentages)					
Research and development expenses:						
Employee benefit expenses	202,903	90.1	270,644	79.7	209,087	89.2
Others	22,321	9.9	68,829	20.3	25,375	10.8
Total	**225,224**	**100.0**	**339,473**	**100.0**	**234,462**	**100.0**

Our research and development expenses increased modestly in absolute amounts from 2022 to 2023 as we gradually increased our investments to expand the capabilities and scale of our platform, design our purpose-built vehicles and its vehicle intelligence technology, and enhance user experience, and incurred share-based compensation expenses. Our research and development expenses decreased in absolute amounts from 2023 to 2024, primarily due to a decrease in share-based compensation expenses.

Taxation

Cayman Islands

Under the current laws of the Cayman Islands, the Company is not subject to tax on income or capital gains. Additionally, the Cayman Islands does not impose a withholding tax on payments of dividends to shareholders.

Hong Kong

The Company's subsidiaries domiciled in Hong Kong are subject to a two-tiered income tax rate for taxable income earned in Hong Kong effectively since April 1, 2018. The first 2 million Hong Kong dollars of profits earned by the company are to be taxed at an income tax rate of 8.25%, while the remaining profits will continue to be taxed at the existing tax rate, 16.5%. To avoid abuse of the two-tiered tax regime, each group of connected entities can nominate only one entity to benefit from the two-tiered tax rate. Additionally, payments of dividends by the subsidiaries incorporated in Hong Kong to the Company are not subject to any Hong Kong withholding tax.

Mainland China

Generally, our subsidiaries and the Consolidated Affiliated Entities in China are subject to enterprise income tax on their taxable income in China at a rate of 25%, except where a special preferential rate applies. The enterprise income tax is calculated based on the entity's global income as determined under PRC tax laws and accounting standards. In addition, as part of the PRC government's effort to ease the burden of business affected by the COVID-19 pandemic, the Ministry of Finance and the State Taxation Administration temporarily reduced or exempted value-added tax on revenues derived from the provision of certain transportation services throughout 2022.

If our holding company in the Cayman Islands or any of our subsidiaries outside of China were deemed to be a "resident enterprise" under the PRC Enterprise Income Tax Law, it would be subject to enterprise income tax on its worldwide income at a rate of 25%. See "Risk Factors—Risks Relating to Doing Business in China—If we are classified as a PRC resident enterprise for PRC income tax purposes, such classification could result in unfavorable tax consequences to us and our non-PRC shareholders."

PERIOD-TO-PERIOD COMPARISON OF RESULTS OF OPERATIONS

Year Ended December 31, 2024 Compared to Year Ended December 31, 2023

Revenues

Our revenues increased by 37.4% from RMB10.7 billion in 2023 to RMB14.7 billion in 2024, primarily because (i) our mobility service revenue increased by 32.0% from RMB10.3 billion in 2023 to RMB13.6 billion in 2024, which was mainly attributable to the growth in our order volume from 447.8 million in 2023 to 598.1 million in 2024 as we gained more user traffic from aggregation platforms and expanded our services geographically, and (ii) an increase in vehicle sales revenue from RMB114.6 million in 2023 to RMB866.8 million in 2024, as we sold more purpose-built vehicles, primarily to local car partners in the new cities that we entered under an asset-light model.

Cost of sales

Our cost of sales increased by 33.7% from RMB10.1 billion in 2023 to RMB13.5 billion in 2024, primarily due to (i) a 32.1% increase in driver earnings and incentives for mobility services from RMB8.1 billion in 2023 to RMB10.7 billion in 2024, driven by increases in total number of orders completed and GTV as we grow our business, and (ii) a significant increase in the cost of vehicles sold from RMB113.6 million in 2023 to RMB820.1 million in 2024. Our cost of sales as a percentage of our total revenues decreased from 94.2% in 2023 to 91.9% in 2024, mainly due to (i) the decrease in driver earnings and incentives for mobility services as a percentage of our total revenues, and (ii) the decreases in depreciation charges of property, plant and equipment and auto servicing costs as percentages of our total revenues, partially offset by the increase in cost of vehicles sold as a percentage of our total revenues.

Gross profit and gross profit margin

As a result of the foregoing, we recorded gross profit of RMB1,186.0 million in 2024, compared to gross profit of RMB615.4 million in 2023. Our gross profit margin was 8.1% in 2024, compared to gross profit margin of 5.8% in 2023. Our gross profit margin improved from 2023 to 2024, primarily as a result of the growth rate of our revenues growth rate outpaced the growth rate of our cost of sales. Specifically, our mobility service revenue increased by 32.0%, mainly attributable to the increase in order volume of 150.3 million, as a result of more user traffic from aggregation platforms and our geographical expansion, while our driver earnings and incentives for mobility services only increased by 32.1%, mainly attributable to fewer driver incentives distributed by us resulting from the increased number of orders that we distributed to each driver and the increased AOV.

Selling and marketing expenses

Our selling and marketing expenses increased by 46.1% from RMB836.3 million in 2023 to RMB1,222.0 million in 2024, primarily due to a 56.9% increase in commissions charged by aggregation platforms from RMB666.9 million in 2023 to RMB1,046.3 million in 2024, partially offset by a 25.2% decrease in promotion, advertising, and incentives for customer referrals from RMB114.5 million in 2023 to RMB85.7 million in 2024.

General and administrative expenses

Our general and administrative expenses decreased by 36.7% from RMB1,204.1 million in 2023 to RMB762.0 million in 2024, primarily due to the decrease in our share-based compensation expenses for general and administrative personnel.

Research and development expenses

Our research and development expenses decreased by 30.9% from RMB339.5 million in 2023 to RMB234.5 million in 2024, primarily due to the decrease in our share-based compensation for research and development personnel.

Other income

Our other income increased by 37.5% from RMB139.9 million in 2023 to RMB192.3 million in 2024, mainly due to an increase in special government subsidies from a local government based on our local tax contributions.

Other gains, net

Our net other gains decreased by 9.0% from RMB52.1 million in 2023 to RMB47.4 million in 2024, primarily due to a decrease in gains from disposal of subsidiaries, partially offset by an increase in gains on disposal of property, plant, and equipment and assets classified as held for sale and an increase in gains on termination of right-of-use assets.

Finance costs, net

Finance Income. Our finance income decreased by 36.8% from RMB17.1 million in 2023 to RMB10.8 million in 2024, primarily due to a decrease in interest income on cash and cash equivalents.

Finance Costs. Our finance costs increased by 4.9% from RMB312.6 million in 2023 to RMB328.0 million in 2024, primarily due to the increases in the interest expenses of our borrowings.

As a result of the foregoing, our net finance costs increased by 7.3% from RMB295.5 million in 2023 to RMB317.1 million in 2024.

Income tax expenses

We recorded income tax expenses of RMB41.1 million in 2023 and RMB40.0 million in 2024.

Loss for the year

As a result of the foregoing, our loss for the year decreased by 37.1% from RMB2.0 billion in 2023 to RMB1.2 billion in 2024.

Year Ended December 31, 2023 Compared to Year Ended December 31, 2022

Revenues

Our revenues increased by 39.8% from RMB7.6 billion in 2022 to RMB10.7 billion in 2023, primarily because (i) our mobility service revenue increased by 37.9% from RMB7.5 billion in 2022 to RMB10.3 billion in 2023, which was mainly attributable to the growth in our order volume from 383.4 million in 2022 to 447.8 million in 2023 as we rapidly grew our business amid the rapid recovery of shared mobility in a post-pandemic era and gained more user traffic from aggregation platforms, and (ii) an increase in vehicle sales revenue from RMB32.2 million in 2022 to RMB114.6 million in 2023.

Cost of sales

Our cost of sales increased by 26.1% from RMB8.0 billion in 2022 to RMB10.1 billion in 2023, primarily due to a 29.6% increase in driver earnings and incentives for mobility services from RMB6.3 billion in 2022 to RMB8.1 billion in 2023, driven by increases in total order volume and GTV as we grow our business. Our cost of sales as a percentage of our total revenues decreased from 104.4% in 2022 to 94.2% in 2023, mainly due to (i) the decrease in driver earnings and incentives for mobility services as a percentage of our total revenues, resulting from improvement of operating efficiency and our reduced vehicle TCO, and (ii) the decreases in depreciation charges of property, plant and equipment and auto servicing cost as percentages of our total revenues.

Gross (loss)/profit and gross (loss)/profit margin

As a result of the foregoing, we recorded gross profit of RMB615.4 million in 2023, compared to gross loss of RMB339.0 million in 2022. Our gross profit margin was 5.8% in 2023, compared to gross loss margin of 4.4% in 2022. Our gross margin improved significantly from 2022 to 2023 primarily because the growth rate of our revenues growth rate outpaced the growth rate of our cost of sales. Specifically, our mobility service revenue increased by 37.9%, mainly attributable to the increase in order volume of 64.3 million, as a result of our rapid recovery and more user traffic from aggregation platforms, while our driver earnings and incentives for mobility services only increased by 29.6%, mainly attributable to fewer driver incentives distributed by us resulting from the increased number of orders that we distributed to each driver and the increased AOV, as well as the reduced vehicle TCO supported by the rollout of our purpose-built vehicles and comprehensive auto solutions.

Selling and marketing expenses

Our selling and marketing expenses increased by 30.8% from RMB639.3 million in 2022 to RMB836.3 million in 2023, primarily due to a 107.4% increase in commissions charged by aggregation platforms from RMB321.6 million in 2022 to RMB666.9 million in 2023, partially offset by a 56.1% decrease in promotion, advertising, and incentives for customer referrals from RMB260.7 million in 2022 to RMB114.5 million in 2023, also generally in line with the decrease in the GTV generated from orders from our own platform.

General and administrative expenses

Our general and administrative expenses increased by 61.9% from RMB743.8 million in 2022 to RMB1.2 billion in 2023, primarily due to the increase in our share-based compensation expenses for general and administrative personnel.

Research and development expenses

Our research and development expenses increased by 50.7% from RMB225.2 million in 2022 to RMB339.5 million in 2023, primarily due to the increase in our share-based compensation expenses for research and development personnel, and, to a lesser extent, due to the increases in our expenses for purpose-built vehicles and other system development to further enhance the functions of our platform.

Other income

Our other income increased significantly from RMB39.1 million in 2022 to RMB139.9 million in 2023, mainly due to an increase in special government subsidies from a local government based on our local tax contributions.

Other gains, net

Our net other gains increased from RMB45.3 million in 2022 to RMB52.1 million in 2023, primarily due to the increases in (i) gains on disposal of property, plant, and equipment and assets classified as held for sale, and (ii) gains from disposal of subsidiaries.

Finance costs, net

Finance Income. Our finance income increased significantly from RMB9.2 million in 2022 to RMB17.1 million in 2023, primarily due to an increase in interest income on cash and cash equivalents.

Finance Costs. Our finance costs increased by 20.6% from RMB259.3 million in 2022 to RMB312.6 million in 2023, primarily due to the increases in the interest expenses of our borrowings.

As a result of the foregoing, our net finance costs increased by 18.2% from RMB250.1 million in 2022 to RMB295.5 million in 2023.

Income tax credit/(expenses)

We recorded income tax credit of RMB123.2 million in 2022 and income tax expenses of RMB41.1 million in 2023.

Loss for the year

As a result of the foregoing, our loss for the year remained relatively stable at RMB2.0 billion and RMB2.0 billion in 2022 and 2023, respectively.

OUR FINANCIAL POSITION

To finance the purchase of our vehicles and also our operating activities, we incurred indebtedness such as ABSs and ABNs as well as borrowings from banks and other financial institutions. The following table sets forth our consolidated balance sheets, which have been extracted from the Accountant's Report in Appendix I to this document:

	As of December 31,		
	2022	**2023**	**2024**
	(RMB in thousands)		
Assets			
Non-current assets			
Property, plant and equipment and right-of-use assets	2,933,954	2,957,865	2,340,619
Intangible assets	2,226	2,628	52,079
Prepayments and other receivables	111,122	147,446	108,013
Deferred income tax assets	122,674	81,591	41,823
Total non-current assets	**3,169,976**	**3,189,530**	**2,542,534**
Current assets			
Inventories	3,241	167,262	223,079
Prepayments, other receivables and other current assets	603,431	665,255	716,748
Trade receivables	175,937	266,053	274,012
Restricted cash	226,906	105,576	68,247
Cash and cash equivalents	379,995	582,995	159,497
Assets classified as held for sale	107,573	96,213	93,535
Total current assets	**1,497,083**	**1,883,354**	**1,535,118**
Total assets	**4,667,059**	**5,072,884**	**4,077,652**

	As of December 31,		
	2022	**2023**	**2024**
	(RMB in thousands)		
Liabilities			
Non-current liabilities			
Borrowings	2,107,100	2,353,010	1,541,737
Lease liabilities	141,477	81,665	59,993
Deferred income tax liabilities	220	—	—
Financial liabilities at fair value through profit or loss	1,814,144	1,883,204	—
Total non-current liabilities	**4,062,941**	**4,317,879**	**1,601,730**
Current liabilities			
Trade and notes payables	1,141,888	680,061	702,206
Accruals and other payables	919,865	917,650	927,106
Contract liabilities	206,271	226,200	263,196
Income tax payables	—	—	150
Borrowings	3,472,123	5,176,890	5,676,550
Lease liabilities	84,892	72,970	56,528
Deferred income	77,129	54,828	83,864
Financial liabilities at fair value through profit or loss	—	—	1,971,901
Total current liabilities	**5,902,168**	**7,128,599**	**9,681,501**
Total liabilities	**9,965,109**	**11,446,478**	**11,283,231**
Deficit			
Share capital	—	—	30
Other equity instruments	—	—	2
Other reserves	5,086,244	6,006,782	6,411,142
Accumulated losses	(10,213,956)	(12,130,439)	(13,381,208)
Deficit attributable to owners of the Company	**(5,127,712)**	**(6,123,657)**	**(6,970,034)**
Non-controlling interests	(170,338)	(249,937)	(235,545)
Total deficit	**(5,298,050)**	**(6,373,594)**	**(7,205,579)**

Property, Plant and Equipment (PP&E) and Right-of-Use (ROU) Assets

Our PP&E and ROU assets are our largest asset item, which primarily consists of our vehicles. Our PP&E and ROU assets were stable at RMB2.9 billion and RMB3.0 billion as of December 31, 2022 and 2023, and decreased to RMB2.3 billion as of December 31, 2024, primarily due to the depreciation and disposal of owned vehicles. Vehicles unready for use represent the mobility operating vehicles purchased by us that have not yet reached an operational status for commercial use prior to obtaining necessary insurance as required by applicable regulations.

	As of December 31,		
	2022	2023	2024
	(RMB in thousands)		
Property, plant and equipment and right-of-use assets:			
Self-owned vehicles	2,069,786	2,468,907	2,161,712
Vehicles unready for use	587,396	303,827	43,148
Leased vehicles	95,238	37,626	—
Leased license plate	47,451	72,864	98,901
Leased properties	95,110	45,259	14,213
Furniture and office equipment	8,910	13,141	11,167
Leasehold improvement	30,063	16,241	11,478
Total	**2,933,954**	**2,957,865**	**2,340,619**

An impairment loss is recognized in profit and loss if the carrying amount of property, plant and equipment and right-of-use assets exceeds its recoverable amount. As of December 31, 2022, 2023, and 2024, we recognized impairment provisions of approximately RMB19.5 million, nil, and nil, respectively, on certain vehicles with relatively low utilization rate, based on the comparable vehicle disposal price on the markets. Certain impairment provision was derecognized upon disposal of the relevant vehicles during the Track Record Period. See note 13 to the Accountant's Report in Appendix I for details.

Summary of Our Debt

We historically financed our business expansion and the growing fleet of purpose-built vehicles primarily through debt instruments and capital contribution from shareholders. During the Track Record Period, our debt mainly consist of ABSs and ABNs, bank borrowings, factor borrowings, and loans from related parties. We monitor our debt structure to achieve a balance of short-term liquidity and long-term solvency by leveraging different sources of debt with different tenors. We choose from various sources of debt financing based on availability, interest rates, and other terms. During the Track Record Period, ABSs and ABNs were the largest component of our debt.

As a result, as of December 31, 2022, 2023, and 2024, our total borrowing amounted to RMB5.6 billion, RMB7.5 billion, and RMB7.2 billion, respectively. In the short term, we expect to have sufficient working capital to meet our present requirements, taking into account the credit facilities available, the ABS shelf-offerings approved by the China Insurance Asset Registration and Trading System, and the estimated net [**REDACTED**] that we expect to receive from this [**REDACTED**]. Going forward, we expect our liquidity to improve as a result of (i) our improved cashflow from operations as a result of organic revenue growth driven by service quality, continually improving gross profit margin, and further enhanced operating leverage, all of which are rooted in our unique business model and our business strategy to prioritize operating efficiency and achieving profitability over further aggressive nationwide expansion driven by passenger and driver incentives; and (ii) more debt and equity financing resources, including ABSs and ABNs available to us as a result of our business and fleet expansion.

The following table sets forth a summary of our short-term debt and current portion of long-term debt.

	As of December 31,			As of April 30,
	2022	2023	2024	2025
	(RMB in thousands)			
				(Unaudited)
Short-Term Debt and Current Portion of Long-term Debt:				
Borrowings:				
Current portion of long-term borrowings:				
Current portion of ABSs and ABNs	1,750,632	2,904,937	2,859,969	2,513,956
Current portion of bank borrowings, guaranteed	165,366	94,716	6,270	5
Current portion of other borrowings	267,976	103,637	11,862	8,422
Bank borrowings, guaranteed	729,515	1,027,193	1,482,460	2,205,348
Bank credit borrowings	—	—	—	300,800
Bank borrowings, secured	743	—	—	—
Factoring borrowings	445,783	851,197	415,257	725,474
Loans from related parties	112,108	195,210	900,732	1,167,883
Total	**3,472,123**	**5,176,890**	**5,676,550**	**6,921,888**

The following table sets forth a summary of our non-current portion of long-term debt.

	As of December 31,			As of April 30,
	2022	2023	2024	2025
	(RMB in thousands)			
				(Unaudited)
Non-current portion of Long-term Debt:				
ABSs and ABNs	1,893,000	2,283,000	1,490,000	813,000
Other borrowings	132,100	63,760	51,737	36,053
Bank borrowings, guaranteed	82,000	6,250	—	—
Total	**2,107,100**	**2,353,010**	**1,541,737**	**849,053**

ABSs and ABNs

ABSs and ABNs are our major long-term debt instruments. During the Track Record Period, we issued several tranches of ABSs and ABNs with payment terms of two or three years and fixed interest rates ranging from 2.5% to 4.9% per annum. These ABSs and ABNs are currently listed on the Shanghai Stock Exchange or traded in the China Interbank Bond market. They are secured by the pledge in favor of the holders of the ABSs of the rights to receive the future service fees derived from the use of certain vehicles owned by us for the provision of shared mobility services, and are guaranteed by Geely Holding. The principals and interests of these ABSs and ABNs are repaid on a quarterly basis.

As of December 31, 2022, 2023, and 2024, and April 30, 2025, the balance of ABSs and ABNs amounted to RMB3.6 billion, RMB5.2 billion, RMB4.3 billion, and RMB3.3 billion, respectively, within which RMB1.8 billion, RMB2.9 billion, RMB2.9 billion and RMB2.5 billion will become due within one year from the respective date.

The following table sets forth the current and non-current portion of ABSs and ABNs as of the dates indicated.

	As of December 31,			As of April 30,
	2022	2023	2024	2025
	(RMB in thousands)			
				(Unaudited)
ABSs and ABNs:				
Current	1,750,632	2,904,937	2,859,969	2,513,956
Non-current	1,893,000	2,283,000	1,490,000	813,000
Total	**3,643,632**	**5,187,937**	**4,349,969**	**3,326,956**

Bank Borrowings, Guaranteed

We obtain short-term and long-term liquidity from bank borrowings.

As of December 31, 2022, 2023, and 2024 and April 30, 2025, our long-term bank borrowings amounted to RMB247.4 million, RMB101.0 million, RMB6.3 million, and nil, respectively, of which RMB165.4 million, RMB94.7 million, RMB6.3 million, and nil will be due within one year from the respective date. These borrowings were guaranteed by Geely Holding and the guarantees are expected to continue after the [**REDACTED**]. These guaranteed long-term bank borrowings bear interests at fixed interest rates ranging from 3.8% to 4.2% per annum.

During the Track Record Period, we entered into several short-term bank borrowing agreements with interest rates ranging from 2.25% to 4.35% per annum. As of December 31, 2022, 2023, and 2024 and April 30, 2025, our short-term bank borrowings amounted to RMB729.5 million, RMB1.0 billion, RMB1.5 billion, and RMB2.2 billion, respectively. The borrowings were guaranteed by Geely Holding and the guarantees are expected to continue after the [**REDACTED**].

The following table sets forth the current and non-current portion of guaranteed bank borrowings as of the dates indicated.

	As of December 31,			As of April 30,
	2022	2023	2024	2025
	(RMB in thousands)			
				(Unaudited)
Bank borrowings, guaranteed:				
Current portion:				
– Short-term bank borrowings, guaranteed:	729,515	1,027,193	1,482,460	2,205,348
– Long-term bank borrowings, guaranteed:	165,366	94,716	6,270	5
Subtotal of current potion	894,881	1,121,909	1,488,730	2,205,353
Non-current portion:				
– Long-term bank borrowings, guaranteed:	82,000	6,250	—	—
Total	**976,881**	**1,128,159**	**1,488,730**	**2,205,353**

Bank Borrowings, Secured

During the Track Record Period, we entered into borrowing agreements with certain commercial banks. The bank borrowings generally had tenors of one year and were secured by related insurance policies.

Other Borrowings

Other borrowings primarily relate to liquidity that we obtain from financing lease companies under sale-and-leaseback agreements to finance part of our fleet of vehicles. As of December 31, 2022, 2023, and 2024, and April 30, 2025, our other borrowings were RMB400.1 million, RMB167.4 million, RMB63.6 million, and RMB44.5 million, respectively. These borrowings were secured borrowings. The effective interest rates of these secured borrowings during the Track Record Period ranged from 4.95% to 6.70% per annum. The carrying value of assets under these arrangements was disclosed in note 13(d) to the Accountant's Report in Appendix I to this document. RMB38.4 million of other borrowings as of December 31, 2024 were guaranteed by Zhejiang Yizhen Automobile Co., Ltd., which has been fully repaid.

The following table sets forth the current and non-current portion of other borrowings as of the dates indicated.

	As of December 31,			As of April 30,
	2022	2023	2024	2025
	(RMB in thousands)			
				(Unaudited)
Other borrowings:				
Current	267,976	103,637	11,862	8,422
Non-current	132,100	63,760	51,737	36,053
Total	**400,076**	**167,397**	**63,599**	**44,475**

Factoring Borrowings

During the Track Record Period, the letters of credit and notes payables issued by certain of our subsidiaries for intra-group transaction settlements were discounted to certain commercial banks. The directors were of the view that balance under such factoring arrangements were borrowings from banks. As of December 31, 2022, 2023, and 2024, and April 30, 2025, the average discounted rates were 3.66%, 3.17%, 3.19%, and 3.15% per annum, respectively. Except for RMB12.0 million of factoring borrowings as of December 31, 2024 and RMB6.0 million as of April 30, 2025, which were covered by guarantee deposits, others were guaranteed by Geely Holding and Zhejiang Geely Automobile.

Loans from Related Parties

As of December 31, 2022, 2023, and 2024, and April 30, 2025, our loans from related parties were RMB112.1 million, RMB195.2 million, RMB900.7 million, and RMB1,167.9 million, respectively. As of the Latest Practicable Date, our loans from related parties amounted to RMB1,845.1 million. We incurred RMB1,650.0 million of the loans from related parties outstanding as of the Latest Practicable Date between December 2024 and April 2025, which is non-trade in nature and attributable to unexpected delays in our application for ABS offerings. We incurred these loans from related parties as bridge loans and have fully settled them after we successfully completed the first tranche of our ABS offering in May. We plan to settle the remaining RMB195.1 million outstanding loans from related parties before the [**REDACTED**]. The effective interest rate of the loans from related parties during the Track Record Period ranged from 3.55% to 4.35% per annum, except for the interest-free loans with two related parties. For more details about our related party transactions, see note 33 to the Accountant's Report in Appendix I to this document.

Current Assets and Liabilities

The following table sets forth our current assets and current liabilities as of the dates indicated.

	As of December 31,			As of April 30,
	2022	2023	2024	2025
	(RMB in thousands)			
				(Unaudited)
Current assets:				
Inventories	3,241	167,262	223,079	121,321
Prepayments, other receivables and other current assets	603,431	665,255	716,748	698,188
Trade receivables	175,937	266,053	274,012	310,557
Restricted cash	226,906	105,576	68,247	96,895
Cash and cash equivalents	379,995	582,995	159,497	815,537
Assets classified as held for sale	107,573	96,213	93,535	98,877
Total current assets	**1,497,083**	**1,883,354**	**1,535,118**	**2,141,375**
Current liabilities:				
Trade and notes payables	1,141,888	680,061	702,206	775,032
Accruals and other payables	919,865	917,650	927,106	963,829
Contract liabilities	206,271	226,200	263,196	321,351
Income tax payables	—	—	150	—
Borrowings	3,472,123	5,176,890	5,676,550	6,921,888
Lease liabilities	84,892	72,970	56,528	54,735
Deferred income	77,129	54,828	83,864	82,617
Financial liabilities at fair value through profit or loss	—	—	1,971,901	1,980,346
Total current liabilities	**5,902,168**	**7,128,599**	**9,681,501**	**11,099,798**
Net current liabilities	**4,405,085**	**5,245,245**	**8,146,383**	**8,984,931**

Our unique business model, built upon a fleet of continually growing purpose-built vehicles, requires a heavy and front-loaded capital investment in vehicles which is non-current assets in nature. As discussed in "—Summary of Our Debt," we primarily finance the purchase of vehicles and our operations through various sources of debt financing. As a result, we recorded a relatively large amount of short-term borrowings and current portion of long-term borrowing during the Track Record Period, which resulted in our net current liability positions.

We had net current liabilities positions as of December 31, 2022, 2023, and 2024, and April 30, 2025. Our net current liabilities positions as of each of these dates were primarily attributable to our large balance of current borrowings and trade and notes payables, partially offset by our prepayments, other receivables and other current assets, and cash and cash equivalents. Borrowings account for a substantial portion of our current liabilities. See "—Liquidity and Capital Resources" for further details on change of the balance of our cash and cash equivalents. The following table sets forth the maturity structure of our debts as of the Latest Practicable Date. We intend to decide whether to pay down or renew these debts as they come due, taking into account our capital needs then and available funding sources.

	Within One Year	Between One And Two Years	Between Two And Five Years	Over Five Years
	(RMB in thousands, unaudited)			
ABSs	2,287,000	916,000	100,000	–
Bank borrowings	1,560,824	–	–	–
Factoring borrowings	577,893	–	–	–
Other borrowings	8,534	14,302	21,751	–
Loans from related parties	1,845,090	–	–	–
Total	6,279,341	930,302	121,751	–

Notwithstanding the above, our directors are of the view that we will have sufficient working capital to meet our present requirements and for at least the next twelve months from the date of this document, considering the following reasons.

- We have obtained ABS shelf-offerings of RMB6.0 billion on April 24, 2025, approved by the China Insurance Asset Registration and Trading System, and issued the first tranche of ABSs thereunder of RMB1.5 billion in May. We have also submitted applications for new ABS shelf-offerings of up to RMB6.0 billion to each of the Shanghai Stock Exchange and Shenzhen Stock Exchange;

- in case we are unable to satisfy our liquidity needs through the issuance of ABSs, we may rely on our external funding channels including unutilized bank credit facilities. As of the Latest Practicable Date, our unutilized bank credit facilities obtained from independent commercial banks amounted to approximately RMB7.0 billion; and

- in 2023 and 2024, we generated net operating cash inflow, as compared to net operating cash outflow in 2022. We will continue our efforts to improve our operating cashflows in order to strengthen our working capital and manage our capital expenditures in line with our operating activities and financing activities. We believe our improving operating cashflows, combined with our experience of past successful financing activities, will enable us to rollover and/or refinance our existing debts at favorable terms.

To improve our net current liabilities position as of December 31, 2024, we plan to continually enhance our cash flow from operations by working towards profitability, which is expected to increase our cash and cash equivalents. See "—Path to Profitability" for details. We generated net cash inflow from operations in 2023 and 2024 and expect to do so in the foreseeable future. In addition, we expect that our capital investment in purpose-built vehicles will moderate in the near future compared to the Track Record Period, during which we launched and rapidly expanded our fleet. This moderation is expected to contribute to the improvement of our net current liabilities position in conjunction with the expected cash inflow from operation as discussed above. Furthermore, we plan to continually optimize our debt structure. For example, we plan to partially repay the principal and interest of certain bank borrowings with net [**REDACTED**] from the [**REDACTED**].

Our net current liabilities increased by 19.1% from RMB4.4 billion as of December 31, 2022, to RMB5.2 billion as of December 31, 2023. The increase was mainly due to (i) an increase in borrowings of RMB1.7 billion, primarily as a result of our issuance of ABSs and ABNs which led to a RMB1.2 billion increase in the current portion of our ABSs and ABNs, partially offset by (i) a decrease in trade and notes payables of RMB461.8 million, (ii) an increase in cash and cash equivalents of RMB203.0 million, and (iii) an increase in inventories of RMB164.0 million which was primarily due to our procurement of mobility operating vehicles, including our purpose-built vehicle Maple 80V and another mobility operating vehicle model Maple 60S for sales in 2023. While we have focused on promoting and selling our second-generation purpose-built vehicle CaoCao 60 since 2023, we procured these mobility operating vehicles for sales mainly to expand our sales network, develop new clients, and meet the diverse needs of different customers for various vehicle models. These vehicle models are primarily aimed at third-party fleet operators.

Our net current liabilities increased by 55.3% from RMB5.2 billion as of December 31, 2023, to RMB8.1 billion as of December 31, 2024. The increase was mainly due to (i) an increase in financial liabilities at fair value through profit or loss of RMB2.0 billion, primarily as a result of the reclassification of our issuance of financial instruments with certain preferred rights to investors of our Series B Preferred Shares from non-current liabilities to current liabilities upon the completion of the reorganization, and (ii) an increase in borrowings of RMB499.7 million, primarily as a result of a RMB705.5 million increase in loans from related parties and a RMB366.8 million increase in the current portion of our bank borrowings, guaranteed, partially offset by a decrease in factoring borrowings of RMB435.9 million.

Discussion of Other Balance Sheet Items

Prepayments, other receivables, and other current assets

Our prepayments, other receivables, and other current assets primarily consist of (i) prepayments for insurance costs, (ii) value-added tax recoverable, (iii) amounts due from related parties, (iv) trust protection fund, and (v) prepayments for global positioning system and other equipment. The following table sets forth our current prepayments, other receivables, and other current assets as of the dates indicated.

	As of December 31,		
	2022	**2023**	**2024**
	(RMB in thousands)		
Prepayments, other receivables, and other current assets:			
Prepayments:			
Prepayments for insurance costs	325,184	269,876	250,951
[**REDACTED**] expenses directly attributable to the issue of shares to be capitalized	494	2,473	5,274
Others	4,820	4,145	7,676
	330,498	276,494	263,901
Other receivables:			
Deposits to trust institutions	18,340	36,600	34,430
Rental and other deposits	6,555	12,133	7,308
Amounts due from related parties(1)	—	5,550	—
Short-term finance lease receivables, net	7,375	3,481	3,500
Loans to third parties	3,644	3,644	3,644
Capital contribution receivables from Ugo Investment Limited(2)	—	—	30
Others	8,456	11,461	12,956
	44,370	72,869	61,868
Other current assets:			
Value-added tax recoverable	235,041	322,843	395,708
Less: loss allowance	(6,478)	(6,951)	(4,729)
Total	**603,431**	**665,255**	**716,748**

Note:

(1) See note 33(c)(x) to the Accountant's Report in Appendix I to this document.

(2) See note 22 to the Accountant's Report in Appendix I to this document.

Our prepayments, other receivables, and other current assets increased by 10.2% from RMB603.4 million as of December 31, 2022, to RMB665.3 million as of December 31, 2023. The increase was mainly due to an increase in value-added tax recoverable of RMB87.8 million, primarily relating to newly purchased vehicles, partially offset by a decrease in prepayments for insurance costs of RMB55.3 million, as a result of the decreased insurance costs per vehicle.

Our prepayments, other receivables, and other current assets slightly increased by 7.7% from RMB665.3 million as of December 31, 2023, to RMB716.7 million as of December 31, 2024. The increase was mainly due to an increase in value-added tax recoverable of RMB72.9 million, primarily relating to newly purchased vehicles, partially offset by a decrease in prepayments for insurance costs of RMB18.9 million, as a result of the decreased insurance costs per vehicle.

Trade receivables

Our trade receivables primarily consist of outstanding amounts payable by aggregation platforms for mobility services. The following table sets forth our trade receivables as of the dates indicated:

	As of December 31,		
	2022	**2023**	**2024**
	(RMB in thousands)		
Trade receivables:			
Trade receivables from contracts with customers	182,833	273,703	289,762
Less: loss allowance	(6,896)	(7,650)	(15,750)
Total	**175,937**	**266,053**	**274,012**

Our trade receivables increased by 51.2% from RMB175.9 million as of December 31, 2022 to RMB266.1 million as of December 31, 2023, and further increased by 3.0% from RMB266.1 million as of December 31, 2023 to RMB274.0 million as of December 31, 2024. These increases were mainly due to the increases in our transaction volume on aggregation platforms.

The following table sets forth the aging analysis of our trade receivables as at the date indicated.

	As of December 31,		
	2022	**2023**	**2024**
	(RMB in thousands)		
Trade receivables:			
Within 3 months	172,061	261,644	263,483
3 months to 6 months	6,871	6,398	12,793
6 months to 1 year	324	3,570	5,915
Over 1 year	3,577	2,091	7,571
Total	**182,833**	**273,703**	**289,762**

The following table sets forth the turnover days of our trade receivables as at the date indicated.

	As of December 31,		
	2022	**2023**	**2024**
Trade receivables turnover days	8.1	7.6	6.7

Note:

(1) Trade receivables turnover days for a period equals the average of the opening and closing trade receivables balance divided by total revenue during the relevant period and multiplied by 365 days.

Our trade receivables turnover days were 8.1 days in 2022, 7.6 days in 2023, and 6.7 days in 2024.

As of April 30, 2025, RMB248.0 million, or 85.6%, of our trade receivables as of December 31, 2024, had been settled.

Trade and notes payables

Our trade and notes payables consist of (i) trade payables, including payables for vehicles, earnings and incentives payable to drivers, and payable for services, among others, and (ii) notes payables. The following table sets forth our trade and notes payables as of the dates indicated:

	As of December 31,		
	2022	**2023**	**2024**
	(RMB in thousands)		
Trade payables:			
Payables for vehicles	572,062	263,211	114,104
Earnings and incentives payable to drivers	175,726	244,934	422,439
Payables for services[1]	102,850	157,882	163,150
Others	12,116	12,433	2,513
	862,754	678,460	702,206
Notes payables	**279,134**	**1,601**	**—**
Total	**1,141,888**	**680,061**	**702,206**

Note:

(1) This item mainly consists of payables for commissions paid to car partners, vehicle maintenance charges, and battery service fees.

Our trade and notes payables decreased by 40.4% from RMB1.1 billion as of December 31, 2022, to RMB680.1 million as of December 31, 2023. The decrease was mainly due to (i) a decrease in payables for vehicles of RMB308.9 million as we shifted to a prepayment approach for the procurement of CaoCao 60, and (ii) a decrease in notes payables of RMB277.5 million, primarily due to the repayment of notes at maturity, primarily offset by (i) an increase in earnings and incentives payable to drivers of RMB69.2 million, in line with the increase in driver earnings and incentives, and (ii) an increase in payables for services of RMB55.0 million, primarily due to the increases in commissions payable to our car partners and battery service fees for purpose-built vehicles.

Our trade and notes payables increased by 3.3% from RMB680.1 million as of December 31, 2023, to RMB702.2 million as of December 31, 2024. The increase was mainly due to an increase in earnings and incentives payable to driver of RMB177.5 million, in line with the increase in driver earnings and incentives, partially offset by a decrease in payables for vehicles of RMB149.1 million, as CaoCao 60 are procured with a prepayment approach and the amount payable for other vehicle models decreased.

The following table sets forth the aging analysis of our trade payables as at the date indicated.

	As of December 31,		
	2022	**2023**	**2024**
	(RMB in thousands)		
Trade payables:			
0 to 90 days	784,927	661,773	692,105
91 to 180 days	37,914	1,104	560
181 days to 1 year	29,522	5,367	275
Over 1 year	10,391	10,216	9,266
Total	**862,754**	**678,460**	**702,206**

The following table sets forth the turnover days of our trade payables for drivers as at the date indicated.

	As of December 31,		
	2022	**2023**	**2024**
Turnover days of trade payables for drivers(1)	11.8	9.4	11.4

Note:

(1) Trade payables turnover days for a period equals the average of the opening and closing earnings and incentives payable to drivers balance divided by total driver earnings and incentives for mobility services during the relevant period and multiplied by 365 days.

The turnover days of our trade payables for drivers were 11.8 days in 2022, 9.4 days in 2023, and 11.4 days in 2024.

As of April 30, 2025, RMB608.0 million, or 86.6%, of our trade payables as of December 31, 2024, had been settled.

Accruals and other payables

Accruals and other payables mainly consist of (i) deposits from drivers, (ii) staff costs and welfare accruals, (iii) accrued promotion, advertising and incentives for customer referrals, (iv) taxes and surcharges payables, among others. The following table sets forth our accruals and other payables as of the dates indicated:

	As of December 31,		
	2022	**2023**	**2024**
	(RMB in thousands)		
Accruals and other payables:			
Deposits from drivers	338,939	332,524	291,092
Advances from disposal of used vehicles	87,041	118,859	106,983
Deposits from suppliers	78,408	92,267	115,065
Staff costs and welfare accruals	83,646	80,687	80,510
Amounts due to related parties	178,521	61,258	66,309
Other deposits	21,787	45,953	47,649
Taxes and surcharges payables	17,864	39,396	50,158
Accrued promotion, advertising and incentives for customer referrals	42,645	34,535	30,998
Payables for [**REDACTED**] expenses	5,834	21,747	33,193
Provision for litigation and disputes	8,784	16,106	31,742
Amounts collected for hitch and chauffer services	10,268	1,875	630
Others	46,128	72,443	72,777
Total	**919,865**	**917,650**	**927,106**

Our current accruals and other payables decreased slightly by 0.2% from RMB919.9 million as of December 31, 2022, to RMB917.7 million as of December 31, 2023. The decrease was mainly due to a decrease in amounts due to related parties of RMB117.3 million relating to the settlement of the bridge loan of RMB156.4 million from the related party following the discharge of Limao Mobility's guarantee obligation, partially offset by (i) an increase in advances from disposal of used vehicles of RMB31.8 million as we disposed of a larger number of used vehicles in 2023, and (ii) an increase in taxes and surcharges payables of RMB21.5 million, primarily due to the COVID-19 tax reduction and exemption policy in 2022.

Our current accruals and other payables increased by 1.0% from RMB917.7 million as of December 31, 2023, to RMB927.1 million as of December 31, 2024. The increase was mainly due to an increase in deposits from suppliers and others of RMB24.5 million and an increase in provision for litigation and disputes of RMB15.6 million as a result of our increased scale, partially offset by a decrease in deposits from drivers of RMB41.4 million.

Our deposits from drivers decreased slightly from RMB338.9 million as of December 31, 2022 to RMB332.5 million as of December 31, 2023, and further decreased to RMB291.1 million as of December 31, 2024, primarily due to our initiative to reduce the financial burden on drivers by lowering the deposit required for each vehicle in 2023 and 2024. Specifically, the average amount of deposit required per vehicle as of December 31, 2022, 2023, and 2024 amounted to RMB10.1 thousand, RMB9.1 thousand, and RMB7.9 thousand, respectively.

Among the balances of amounts due to related parties as of December 31, 2024, RMB12.5 million were interest-free and non-trade in nature. Whether or not such remaining RMB12.5 million due to Geely Commercial Vehicle will be settled prior to the [**REDACTED**] will be subject to further commercial discussions between the parties. See "Relationship with Our Controlling Shareholders—Independence from Controlling Shareholders—Financial Independence" for details of this arrangement.

Contract liabilities

Our contract liabilities mainly arise from the advance payments made by users while the mobility services are yet to be provided.

Our contract liabilities increased by 9.7% from RMB206.3 million as of December 31, 2022 to RMB226.2 million as of December 31, 2023, and further increased by 16.4% to RMB263.2 million as of December 31, 2024, mainly due to the rise of advance payments from vehicle sales.

As of April 30, 2025, RMB181.8 million, or 69.1%, of our contract liabilities as of December 31, 2024 had been subsequently utilized and recognized in revenue.

INDEBTEDNESS

The following table sets forth the breakdown of our indebtedness as of the dates indicated.

	As of December 31,			As of April 30,
	2022	2023	2024	2025
	(RMB in thousands)			
				(Unaudited)
Current portion:				
Borrowings	3,472,123	5,176,890	5,676,550	6,921,888
Lease liabilities	84,892	72,970	56,528	54,735
Financial liabilities at fair value through profit or loss	–	–	1,971,901	1,980,346
Other payables	168,928	12,500	12,500	12,500
Non-current portion:				
Borrowings	2,107,100	2,353,010	1,541,737	849,053
Lease liabilities	141,477	81,665	59,993	56,650
Financial liabilities at fair value through profit or loss	1,814,144	1,883,204	–	–
Total	**7,788,664**	**9,580,239**	**9,319,209**	**9,875,172**

Borrowings

Details of our borrowings has been discussed in "—Our Financial Position—Summary of Our Debt." The following table sets forth our borrowings as of the dates indicated.

	As of December 31,			As of April 30,
	2022	2023	2024	2025
	(RMB in thousands)			
				(Unaudited)
Borrowings:				
ABSs and ABNs	3,643,632	5,187,937	4,349,969	3,326,956
Other borrowing	400,076	167,397	63,599	44,475
Bank borrowings[(1)]	977,624	1,128,159	1,488,730	2,506,153
Factoring borrowings	445,783	851,197	415,257	725,474
Loans from related parties	112,108	195,210	900,732	1,167,883
Total	**5,579,223**	**7,529,900**	**7,218,287**	**7,770,941**

Note:

(1) Of our total bank borrowings, RMB976.9 million, RMB1.1 billion, RMB1.5 billion, and RMB2.2 billion as of December 31, 2022, 2023, and 2024, and April 30, 2025 are guaranteed borrowings, RMB0.7 million, nil, nil, and nil as of December 31, 2022, 2023, and 2024, and April 30, 2025 are secured borrowings, and nil, nil, nil, and RMB0.3 billion as of December 31, 2022, 2023, and 2024, and April 30, 2025 are bank credit borrowings.

As of December 31, 2022, 2023, and 2024, and April 30, 2025, our borrowings were repayable as follows:

	As of December 31,			As of April 30,
	2022	**2023**	**2024**	**2025**
	(RMB in thousands)			
				(Unaudited)
Within 1 year	3,472,123	5,176,890	5,676,550	6,921,888
Between 1 and 2 years	1,546,900	1,961,891	1,299,376	827,302
Between 2 and 5 years	560,200	383,797	242,361	21,751
Over 5 years	—	7,322	—	—
Total	**5,579,223**	**7,529,900**	**7,218,287**	**7,770,941**

Our Directors confirm that we have not been in material violation of any of the covenants nor have we been subject to material financial covenants pursuant to the applicable borrowing agreements that we entered into with the respective lenders for the years ended December 31, 2022, 2023, and 2024, and up to April 30, 2025.

Financial liabilities at fair value through profit or loss

As of December 31, 2022, 2023, and 2024, and April 30, 2025, our financial instruments issued to investors of our Series B Preferred Shares classified as financial liabilities at fair value through profit or loss had fair value of RMB1.8 billion, RMB1.9 billion, RMB2.0 billion and RMB2.0 billion, respectively. From December 31, 2024 to April 30, 2025, we did not issue or repurchase any preferred shares.

We have designated the financial instruments issued to investors of our Series B Preferred Shares which contains redemption features and other embedded derivatives as financial liabilities at fair value through profit or loss on initial recognition. The fair value change of financial instruments issued to investors of our Series B Preferred Shares is recognized to profit or loss, except for the portion attributable to credit risk change, which shall be recognized to other comprehensive income, if any. Upon the completion of the [**REDACTED**], all the preferred shares of the Company will be automatically converted into the ordinary shares of the Company on a one-to-one basis. All of the financial instruments issued to Series B Investors will be re-designated from liabilities to equity. For further details, please refer to Note 37 to the Accountant's Report set out in Appendix I to this [**REDACTED**].

Lease Liabilities

Our lease liabilities are in relation to leased vehicles, leased license plates, and properties that we lease for our offices.

The following table sets forth present value of our lease liabilities as of the dates indicated:

	As of December 31,			As of April 30,
	2022	**2023**	**2024**	**2025**
	(RMB in thousands)			
				(Unaudited)
Lease liabilities:				
Current	84,892	72,970	56,528	54,735
Non-current	141,477	81,665	59,993	56,650
Total	**226,369**	**154,635**	**116,521**	**111,385**

The following table categorizes our lease liabilities into relevant maturity groups based on the remaining period from the balance sheet date to the contractual maturity date:

	As of December 31,			As of April 30,
	2022	**2023**	**2024**	**2025**
	(RMB in thousands)			
				(Unaudited)
Present value of lease liabilities:				
Within 1 year	84,892	72,970	56,528	54,735
Between 1 and 2 years	62,988	60,760	31,711	25,184
Between 2 and 5 years	78,489	20,905	28,282	31,466
Total	**226,369**	**154,635**	**116,521**	**111,385**

Other payables

Our other payables are non-trade in nature and amounted to RMB168.9 million, RMB12.5 million, RMB12.5 million, and RMB12.5 million as of December 31, 2022, 2023, and 2024 and April 30, 2025, respectively. The RMB12.5 million outstanding as of April 30, 2025 was payable to Zhejiang Geely Farizon New Energy Commercial Vehicle Group Co., Ltd., not interest-bearing, and not expected to be settled before [**REDACTED**]. For details related to this item, see "Relationship with Our Controlling Shareholders—Independence from Controlling Shareholders—Financial Independence." For a breakdown of other payables, see Note 33(c)(viii) to the Accountant's Report set out in Appendix I to this [**REDACTED**].

No Other Outstanding Indebtedness

Except as discussed above, we did not have any material mortgages, charges, debentures, loan capital, debt securities, loans, bank overdrafts, or other similar indebtedness, financing lease, or hire purchase commitments, liabilities under acceptances (other than normal trade bills), acceptance credits, which are either guaranteed, unguaranteed, secured, or unsecured as of December 31, 2024 and April 30, 2025. Our Directors confirm that there is no material change in our indebtedness since April 30, 2025 up to the date of [**REDACTED**]. Our Directors confirm that we did not experience any material difficulty in obtaining bank loans and borrowing or any default in payment of bank loans and other borrowings during the Track Record Period and up to the Latest Practicable Date. Our Directors confirm that we have not been in material violation of any of the covenants or have been subject to material financial covenants during the Track Record Period and up to the Latest Practicable Date.

KEY FINANCIAL RATIOS

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

Notes:

(1) Gross (loss)/profit margin represents the gross (loss)/profit for the year as percentages of the revenue for such year.

(2) Net loss margin represents the loss for the year as percentages of the revenue for such year.

(3) Adjusted loss margin (non-IFRS measure) represents the adjusted loss (non-IFRS measure) for the year as percentages of the revenue for such year. For details of the adjusted loss (non-IFRS measure), see "—Non-IFRS Measures."

(4) Adjusted EBITDA margin (non-IFRS measure) represents the adjusted EBITDA (non-IFRS measure) for the year as percentages of the revenue for such year. For details of the adjusted EBITDA (non-IFRS measure), see "—Non-IFRS Measures."

(5) Represents total debts divided by total assets as of the end of the year. Total debts represent the sum of the current and non-current borrowings as of the end of the year.

LIQUIDITY AND CAPITAL RESOURCES

Working Capital

During the Track Record Period and up to the Latest Practicable Date, we funded our cash requirements principally from capital contribution from shareholders, financing through private placements, ABS and ABN arrangements, and bank and other borrowings. We monitor and maintain a level of cash and cash equivalents deemed adequate to finance our operations and mitigate the effects of fluctuations in cash flows. Our cash and cash equivalents represent cash and bank balances. We had cash and cash equivalents of RMB380.0 million, RMB583.0 million, and RMB159.5 million as of December 31, 2022, 2023, and 2024, respectively. Our net cash generated from operating activities was RMB136.4 million and RMB235.9 million in 2023 and 2024, respectively, as compared to our net cash used in operating activities of RMB1.1 billion in 2022, primarily due to the improvement of profitability.

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

We have established comprehensive internal control procedures to monitor our liquidity and to report and approve financing arrangements. Our financial department closely monitors our liquidity status and cash flow situation to ensure proper repayment of all the principals and interests of our outstanding borrowings, including bank borrowings and ABSs. In particular, the treasury team of our finance department creates monthly treasury plans to ensure effective liquidity management. In addition, it is required that each business lines to submit demands over RMB50,000 via email for approval, with ad hoc demands over RMB100,000 needing specific reasons and senior approval. Furthermore, we ensure a robust segregation of duties in the cash payment process, focusing on the roles of the payment requestor, approver, and cashier. This segregation minimizes the risk of errors and fraud, ensuring that all cash payments are properly authorized and documented.

We have established a comprehensive approval procedures for financial arrangements. Our treasury team should evaluate and initiate financial arrangements. Any significant financing arrangements must be approved by our senior management and Board. Once executed, the treasury team maintains a master data ledger of the loans, which is shared with the accounting and reporting team to ensure comprehensive internal control and accurate financial records.

We do not expect our capital expenditures and resources to materially deviate from our business operations during the Track Record Period.

Cash Flows

The following table sets forth our cash flows for the periods indicated.

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

Net Cash (Used in)/Generated from Operating Activities

In 2024, net cash generated from operating activities was RMB235.9 million, primarily attributable to our loss of RMB1,246.4 million, as adjusted by (i) adding back non-cash and non-operating expenses, which primarily consist of depreciation charges of property and equipment of RMB685.6 million, share-based compensation expenses of RMB401.4 million, and finance costs of RMB317.1 million, and (ii) cash absorbed by working capital, which primarily result from an increase in prepayments, other receivables and other current assets of RMB63.7 million and an increase in inventory of RMB55.8 million, partially offset by a decrease in restricted cash of RMB37.3 million.

In 2023, net cash generated from operating activities was RMB136.4 million, primarily attributable to our loss of RMB2.0 billion, as adjusted by (i) adding back non-cash and non-operating expenses, which primarily consist of share-based compensation expenses of RMB920.5 million, depreciation charges of property, plant and equipment of RMB664.3 million, and net finance costs of RMB295.5 million, and (ii) cash released by working capital, which primarily result from an increase in trade and notes payables of RMB310.7 million and an increase in accruals and other payables of RMB123.3 million, partially offset by an increase in inventory of RMB164.0 million, an increase in prepayments, other receivables and other current assets of RMB48.4 million, and an increase in trade receivables of RMB92.4 million.

In 2022, net cash used in operating activities was RMB1.1 billion, primarily attributable to our loss of RMB2.0 billion, as adjusted by (i) adding back non-cash and non-operating expenses, which primarily consist of depreciation charges of property, plant and equipment of RMB657.6 million, share-based compensation expenses of RMB335.8 million, net finance costs of RMB250.1 million, and depreciation charges of right-of-use assets of RMB92.8 million, and (ii) cash absorbed by working capital, which primarily result from a decrease in accruals and other payables of RMB142.7 million, an increase in prepayments, other receivables and other current assets of RMB118.4 million, a decrease in contract liabilities of RMB58.8 million, and a decrease in trade and notes payables of RMB34.4 million, partially offset by an increase in deferred income of RMB77.1 million.

See "—Our Financial Position—Discussion of Other Balance Sheet Items" for primary reasons relating to the underlying causes for our operating cash flow changes.

Net Cash (Used in)/Generated from Investing Activities

In 2024, net cash generated from investing activities was RMB22.6 million, primarily attributable to proceeds from disposal of property, plant and equipment and assets classified as held for sale of RMB313.6 million, partially offset by payments for property, plant and equipment of RMB292.8 million.

In 2023, net cash used in investing activities was RMB1.5 billion, primarily attributable to payments for property, plant and equipment of RMB1.9 billion, partially offset by proceeds from disposal of property, plant and equipment and assets classified as held for sale of RMB381.4 million.

In 2022, net cash used in investing activities was RMB431.0 million, primarily attributable to payments for property, plant and equipment of RMB741.9 million, partially offset by proceeds from disposal of property, plant and equipment and assets classified as held for sale of RMB286.9 million.

Net Cash (Used in)/Generated from Financing Activities

In 2024, net cash used in financing activities was RMB682.0 million, primarily attributable to repayments of ABSs and ABNs of RMB3.5 billion and repayments of borrowings, excluding ABSs and ABNs, of RMB2.7 billion, partially offset by proceeds from ABSs and ABNs of RMB2.7 billion and proceeds from borrowings, excluding ABSs and ABNs of RMB2.5 billion.

In 2023, net cash generated from financing activities was RMB1.6 billion, primarily attributable to proceeds from ABSs of RMB3.8 billion, proceeds from borrowings, excluding ABSs and ABNs of RMB2.4 billion, and proceeds from loans from related parties of RMB443.8 million, partially offset by repayments of ABSs of RMB2.3 billion, repayments of borrowings, excluding ABSs and ABNs of RMB2.0 billion, and repayments to loans from related parties of RMB359.8 million.

In 2022, net cash generated from financing activities was RMB1.5 billion, primarily attributable to proceeds from ABSs of RMB3.3 billion, proceeds from borrowings, excluding ABSs and ABNs of RMB1.6 billion, and proceeds from loans from related parties of RMB1.1 billion, partially offset by repayments of ABSs and ABNs of RMB1.5 billion, repayments of borrowings, excluding ABSs and ABNs of RMB1.3 billion, and repayments to loans from related parties of RMB1.3 billion.

CAPITAL EXPENDITURES

During the Track Record Period, our capital expenditures primarily consisted of purchase of property, plant and equipment, which included purchase of vehicles, furniture and office equipment, and leasehold improvement. The following table sets forth our capital expenditures for the periods indicated.

	For the Year Ended December 31,		
	2022	2023	2024
	(RMB in thousands)		
Purchases of property, plant, and equipment	1,336,822	1,060,501	339,547
Total	**1,336,822**	**1,060,501**	**339,547**

Our capital expenditures were RMB1.3 billion in 2022, RMB1.1 billion in 2023, and RMB339.5 million in 2024.

We expect that our capital expenditures in 2025 will primarily consist of purchases of vehicles. We intend to fund our future capital expenditures with our existing cash balance, cash generated from our operating activities and financing activities, and [**REDACTED**] from the [**REDACTED**]. See the section headed "Future Plans and Use of [**REDACTED**]" for more details. We may reallocate the fund to be utilized on capital expenditure and long-term investments based on our ongoing business needs.

CONTRACTUAL OBLIGATIONS

Capital Commitments

Our capital commitments during the Track Record Period were related to purchase of property, plant and equipment. The table below sets forth the breakdown of our capital commitments as of the dates indicated.

	As of December 31,		
	2022	**2023**	**2024**
	(RMB in thousands)		
Property, plant and equipment	—	79,115	29,904
Total	**—**	**79,115**	**29,904**

As of December 31, 2022, 2023, and 2024, the total amount of our outstanding capital commitments was nil, RMB79.1 million, and RMB29.9 million, respectively.

Other than the contractual obligations set forth above and disclosure set forth elsewhere in this document, we do not have any other long-term debt obligations, operating lease commitments, capital commitments or other long-term liabilities.

Contingent Liabilities or Guarantee

As of December 31, 2022, 2023, and 2024, we did not have any material contingent liabilities or guarantees. Our Directors confirm that there has been no material change in our contingent liabilities since December 31, 2024.

OFF-BALANCE SHEET COMMITMENTS AND ARRANGEMENTS

As of the Latest Practicable Date, we had not entered into any off-balance sheet arrangements.

MATERIAL RELATED PARTY TRANSACTIONS

We enter into transactions with our related parties from time to time. During the Track Record Period, we entered into various related party transactions. For more details about our related party transactions, see note 33 to the Accountant's Report in Appendix I to this document and "Relationship with Our Controlling Shareholders."

Our Directors believe that our transactions with related parties during the Track Record Period were conducted on an arm's-length basis, and they did not distort our results of operations or make our historical results not reflective of our future performance.

FINANCIAL RISK DISCLOSURE

We are exposed to a variety of financial risks, including credit risk and liquidity risk. Our overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on our financial performance. The board of directors of our Company reviewed and agreed the following risk management policies. See note 3 to the Accountant's Report in Appendix I to this document for a detailed description of our financial risk management.

Market Risk

Foreign exchange risk

Foreign exchange risk arises when future commercial transactions or recognized assets and liabilities are denominated in a currency that is not our entities' functional currency. We operate mainly in the PRC with most of the transactions settled in RMB. We consider that our business is not exposed to any significant foreign exchange risk as there are no significant financial assets or liabilities of ours are denominated in the currencies other than the respective functional currencies of our entities, so that we do not hedge against any fluctuation in foreign currency.

Cash flow and fair value interest rate risk

Our income and operating cash flows are substantially independent of changes in market interest rates.

Our significant interest-bearing assets and liabilities include notes payables and borrowings, lease liabilities, cash and cash equivalents, and restricted cash. Those carried at floating rates expose us to cash flow interest rate risk whereas those carried at fixed rates expose us to fair value interest rate risk. Our interest rate risk mainly arises from notes payables and borrowings. As at December 31, 2022, 2023, and 2024, our notes payables were carried at fixed rates, and our borrowings were partially carried at floating rates.

We do not anticipate significant impact to interest-bearing assets and other liabilities resulted from the changes in interest rates. If interest rates had been 50 basis points higher or lower with all other variables held constant, loss before tax for the years ended December 31, 2022, 2023, and 2024 would have been approximately RMB23.5 million, RMB25.2 million, and RMB38.9 million higher or lower, respectively.

Credit Risk

Credit risk mainly arises from cash and cash equivalents, restricted cash, trade receivables, and other receivables. The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the consolidated balance sheet. See note 3 to the Accountant's Report in Appendix I to this document for further information relating to our credit risk.

Liquidity Risk

We aim to maintain sufficient cash and cash equivalents for our business development and expansion. Due to the dynamic nature of the underlying businesses, our policy is to regularly monitor our liquidity risk and to maintain adequate cash and cash equivalents to meet our liquidity requirements. See note 3 to the Accountant's Report in Appendix I to this document for further information relating to our liquidity risk.

FUTURE DIVIDENDS

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

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

WORKING CAPITAL CONFIRMATION

Taking into account the financial resources available to us, including our cash and cash equivalents on hand and the estimated net [**REDACTED**] from the [**REDACTED**], our Directors are of the view, and the Joint Sponsors concur, that we have sufficient working capital to meet our present needs and for the next twelve months from the date of this document. Our Directors confirm that we had no material defaults in payment of trade and non-trade payables during the Track Record Period.

DISTRIBUTABLE RESERVES

As of September 30, 2024, our Company did not have any distributable reserves available for distribution to our shareholders.

[REDACTED] EXPENSE

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

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

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

UNAUDITED [REDACTED] STATEMENT OF ADJUSTED NET TANGIBLE LIABILITIES

The following unaudited [**REDACTED**] statement of adjusted net tangible liabilities of our Group prepared in accordance with Rule 4.29 of the Listing Rules is for illustrative purposes only, and is set out below to illustrate the effect of the [**REDACTED**] on the net tangible liabilities of our Group attributable to the owners of our Company as of December 31, 2024, as if the [**REDACTED**] had taken place on December 31, 2024.

This unaudited [**REDACTED**] statement of adjusted net tangible liabilities has been prepared for illustrative purposes only and because of its hypothetical nature, it may not give a true picture of the consolidated net tangible liabilities of our Group attributable to the owners of our Company as at December 31, 2024, or at any future dates following the [**REDACTED**].

	Audited consolidated net tangible liabilities of our Group attributable to the owners of our Company as at December 31, 2024	Estimated net [REDACTED] from the [REDACTED]	Estimated impact related to the conversion of the Preferred Shares from liabilities to equity upon the completion of [REDACTED]	Unaudited [REDACTED] adjusted consolidated net tangible liabilities of our Group attributable to the owners of our Company as at December 31, 2024	Unaudited [REDACTED] adjusted net tangible liabilities per Share	
	(Note 1)	*(Note 2)*	*(Note 3)*		*(Note 4)*	*(Note 5)*
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB*	*HK$*
Based on an [REDACTED] of [REDACTED] per Share	(7,022,113)	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]

Notes:

(1) The audited consolidated net tangible liabilities of our Group attributable to the owners of our Company as at December 31, 2024, is extracted from the Accountant's Report set out in Appendix I to this document, which is based on the audited consolidated net liabilities of our Group attributable to the owners of our Company as at December 31, 2024, of approximately RMB6,970,034,000 with adjustments for the intangible assets as at December 31, 2024, of RMB52,079,000.

(2) The estimated net [**REDACTED**] from the [**REDACTED**] are based on the indicative [**REDACTED**] of [**REDACTED**], after deduction of the [**REDACTED**] fees and other related expenses (excluding [**REDACTED**] expenses of approximately [**REDACTED**] which have been accounted for in our Group's consolidated statements of comprehensive loss prior to December 31, 2024) paid or payable by our Company and has not taken into account of (i) any options which may be granted under the

Pre-[**REDACTED**] Share Incentive Plan and (ii) any Shares which may be allotted and issued or repurchased by our Company under the general mandate to issue Shares and general mandate to repurchase Shares as described in the section headed "Share Capital" in this document.

(3) Upon the completion of the [**REDACTED**], all the Preferred Shares of our company will be automatically converted into the Ordinary Shares of our Company on a one-to-one basis. These Preferred Shares will be re-designated from liabilities to equity. Accordingly, for the purpose of the unaudited [**REDACTED**] financial information, the unaudited [**REDACTED**] adjusted consolidated net tangible liabilities attributable to the owners of our Company will be increased by approximately [**REDACTED**], being the carrying amounts of the financial instruments issued to investors of Series B Preferred Shares as at December 31, 2024.

(4) The unaudited [**REDACTED**] net tangible liabilities per Share is arrived at after the adjustments as described in preceding paragraphs and on the basis that [**REDACTED**] Shares were in issue assuming that the [**REDACTED**] had been completed on December 31, 2024 but takes no account of (i) any options which may be granted under the Pre-[**REDACTED**] Share Incentive Plan and (ii) any Shares which may be allotted and issued or repurchased by our Company under the general mandate to issue Shares and general mandate to repurchase Shares as set out in the section headed "Share Capital" in this document.

(5) For the purpose of this unaudited [**REDACTED**] adjusted net tangible liabilities, the balances stated in Renminbi are converted into Hong Kong dollars at the rate of RMB0.9285 to HK$1.00. No representation is made that Renminbi amounts have been, could have been or may be converted to Hong Kong dollars, or vice versa, at that rate.

(6) Except as disclosed above, no adjustment has been made to reflect any trading results or other transactions of our Group entered into subsequent to December 31, 2024.

NO MATERIAL ADVERSE CHANGE

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

DISCLOSURE UNDER RULES 13.13 TO 13.19 OF THE LISTING RULES

Our Directors confirm that, as of the Latest Practicable Date, there was no circumstance that would give rise to a disclosure requirement under Rules 13.13 to 13.19 of the Listing Rules.